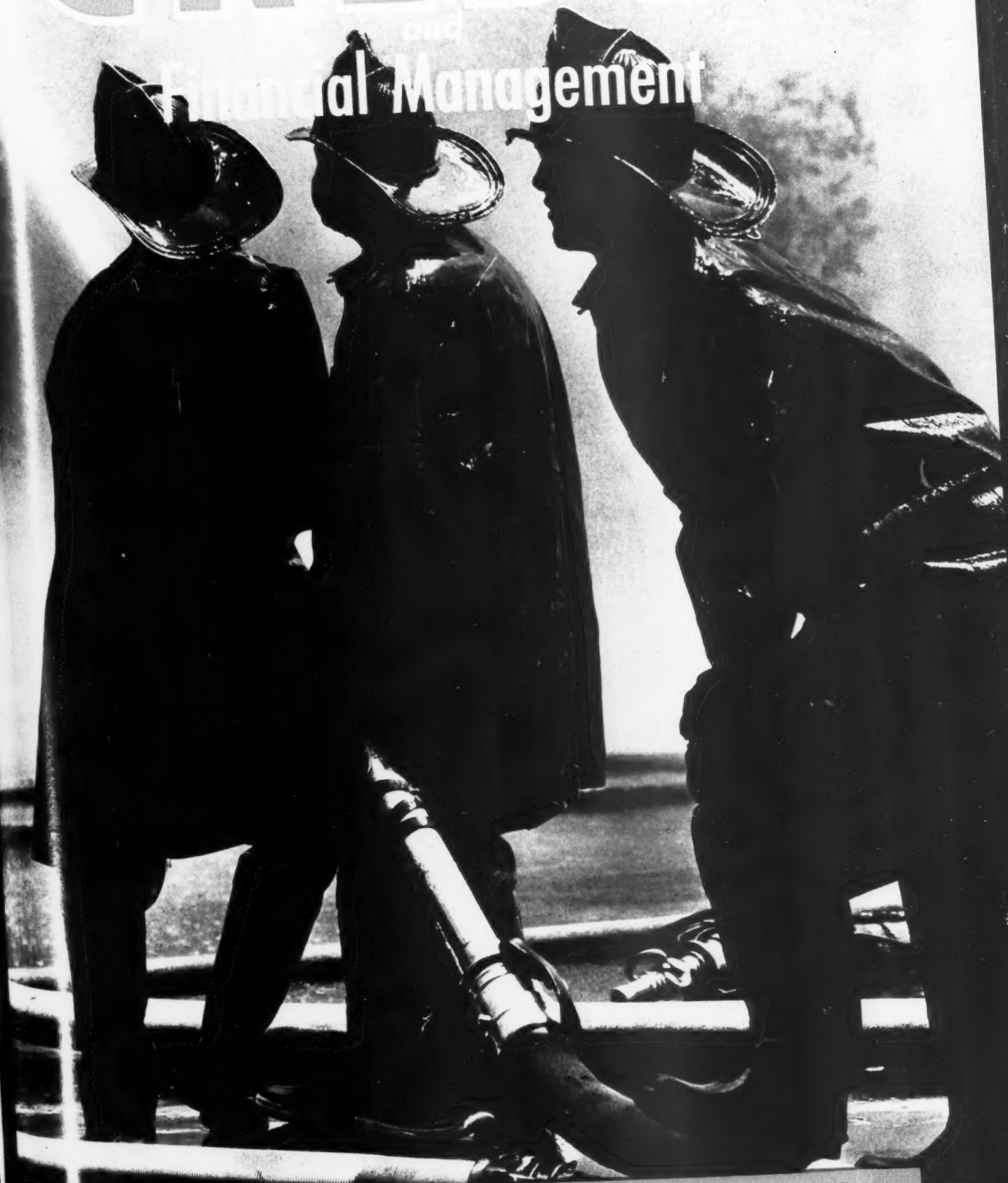


CREDIT

and
Financial Management



OCTOBER
1940

Fire Prevention Is Credit Protection

See Pages
6-20-48

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Manufacturers' Sales, Collections and Accounts Receivable
Wholesalers' Sales, Collections, Accounts Receivable and Inventories

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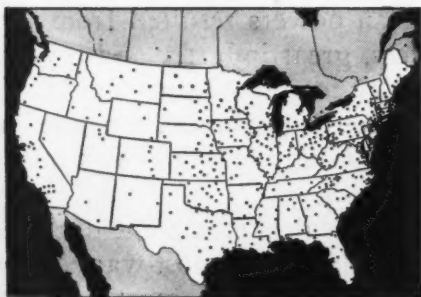
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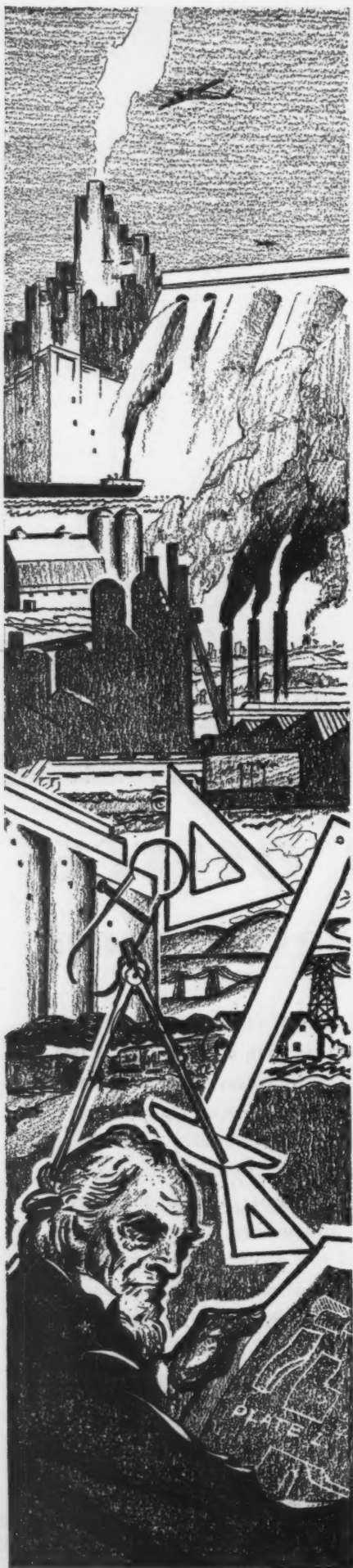
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In time of war,

Prepare for peace!

SE Millions of citizens of the conquered countries now realize the wisdom of the old adage: "In time of peace, prepare for war." The tragedy of France, of the Scandinavian countries which for over a century were at peace with the world, is damning evidence against relaxing in reasonable preparedness programs because the people of the country are peace-minded. It would seem it no longer takes two to make a quarrel.

Since the people of the world are now well aware of the mistakes they have made in the past two decades, and since many are paying for those mistakes by virtual subjugation, let the rest of the world take note that it is just as important *in time of war to prepare for peace.*

Military conflict is inevitably followed by economic struggles. Indeed, many students of history are of the opinion that the suffering and privation resulting from sharp economic struggles are no less severe than those following military conflict. It is, therefore, only proper that we awake to the fact that the economic consequences of peace, insofar as they affect our own people, must as much as possible be shaped by us if we are to survive in the competitive era that will follow the present war.

We urgently need a program as to how we will fit into a peaceful world. That program deserves our every consideration, not alone today and tomorrow but in the years to come.

The success of the totalitarian powers resulted from a program involving many sacrifices, great industry and a blind—even though misguided—loyalty to a cause and an objective. This program was studied, discussed, altered, amended and experimented with for almost 20 years before it was put into execution.

It will be too late for us if we await the outcome of the conflict to prepare the part we will play in any post-war economic developments. We must prepare now to meet any peace eventuality if we are to face the economic future with reasonable assurance of stability and progress.

Henry H. Heimann
Executive Manager, N.A.C.M.

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Credit's Place in Fire Prevention

What N. A. C. M. Has Accomplished in 25 Years of Effort Toward Credit Protection

By Charles E. Meek, Former National President, N. A. C. M., Chairman, National Committee on Fire Prevention, Assistant Vice-President, Chemical Bank & Trust Co., N. Y. C.

CFM A grizzled old fire chief once sagely remarked: "Fire Protection starts by hitting your pocket-book; it ends by leaving you with a bank-balance."

That opinion was not hastily formed. It was the mature judgment of a man who gave thirty-five years of his life to the fire service of New York City during the great era when America, a young giant recovering from its growing pains, strode forward on mercantile and industrial limbs to a destiny of unparalleled prosperity.

During thirty-five years which spanned the '90s of the last century and the first quarter of this one the veteran fire chief saw at first hand the vital necessity of fire protection in the commercial development of the nation. In his early days he had many an encounter with short sighted manufacturers and merchants who in their unimaginative quest for profits "couldn't see the sense in spending good money for new fangled contraptions to stop fires which probably never would happen anyway."

Fire Affects Credit Risks

Later, standing in the ashes of their plants and mercantile buildings and surveying the grey wreckage fire had left, they came to change their minds. They came to realize that a man who had a fire was a bad credit risk and that a man who refused to take precautions against fire was equally unsound from a credit standpoint. In the vast, complicated commercial credit structure of a growing America a man could not afford to jeopardize his credit standing and hope to survive. That realization, coupled with recognition of the fact that an original outlay for fire protective devices and building improvements was more than repaid by consequent reduction in the rates for fire indemnity, soon established a definite trend to fire protection. Enlightened self interest went to work.

Today the manufacturer or the merchant is not only eager to avail himself of every latest development in the field of fire protection, but he is keenly interested in the standards maintained by every organization to

which he grants credit. Inspection experts from the insurance interests and from fire departments find themselves warmly welcomed and given every courtesy and co-operation.

That attitude has not been achieved without effort on the part of various interested institutions. Chief among these has been the National Association of Credit Men.

Quarter Century of Effort

Over twenty-five years ago I made a country wide tour, visiting every affiliation of the National Association, and brought before them to the best of my powers the necessity for education in the field of fire protection.

At that same period the National Association of Credit Men inaugurated a movement to which much of the social and commercial improvements of the last quarter century must in fairness be attributed. The Association began a campaign for instruction in fire protection as a part of the curriculum in the public schools of America. In the very first year of this campaign, legislation was pushed through in nine states providing for this instruction. Today every state in the Union has followed suit.

NACM Joined with Others

Not only did the National Association of Credit Men work independently to further the cause of Fire Protection but it joined forces with such organizations as the National Board of Fire Underwriters and the National Fire Protection Association and gave every possible help to the fruitful efforts of those organizations. Together this trio of Associations unceasingly pushed Fire Protective Standards higher and higher to the level they have reached today.

It would be nothing short of trite to point out to the credit man of today that since fire insurance is the foundation of credit and fire protection is the governing factor of fire insurance, it follows that fire protection and credit protection are identical.



Field parties of expert research engineers visit each city of more than 200,000 population and render engineering reports on all cities of 25,000 population and up. This task is not accomplished hastily. Several months of painstaking thoroughness are required.

Experts Measure Fire Defenses

Acting in accordance with established routine, one engineer who specializes in water supply systems inspects the source of the city's supply. Tracing from there, he checks the pumping stations and follows through logically with a systematic examination of the arterial network of water mains. The last step is a study of the number and placement of fire hydrants and a rigid test of their performance for sustained pressure and flow.

Then the engineer renders a scientific opinion of the city's entire water supply system and urges certain improvements which when adopted vitally affect every merchant and manufacturer in the city in credit relationship.

Thus a small manufacturer located in a neighborhood with inferior water supply and unable to obtain necessary credit because of that fact one day finds himself accommodated because the recommendations of the engineer have been adopted and a new water main has been run into his section of town. Immediately he receives the benefit not only of a better credit rating through reduced hazard to his plant, but his insurance rate drops at the same time and gradually he can still further bolster his position as a good credit risk by increased insurance or by the addition of various types of coverage.

How Water Helps Credit

Multiply this typical instance by thousands throughout the country and we have a fair idea of the far flung influence an improvement in the water supply of a city has on the credit ratings of its business men.

But inspection of the water supply is only one phase of a complete city survey. The building code in each city is subjected to scrutiny and from this theoretical start a practical excursion into the field is made and various types of structures are examined for conformity to the ordinances for good building. This examination supplemented as need arises by the inspection work of local insurance rating bureaus inevitably classifies each manufacturer and merchant's building and establishes a standard which is applied in every request for the granting of credit.

So too are the prevailing practices in electrical wiring checked for adherence to standards. The credit applicant whose plant or store is wired in accordance with the requirements of the National Electric Code receives the double benefit of a favorable credit rating on this score and a reduction in his fire indemnity at the same time—thus establishing a circle of ever growing benefits to himself and to those who do business with him.

The average person would never link the efficiency of a city's Fire Department with the credit ratings of that city's business men but a moment's thought will establish



"That fire glare comes from my part of town. I wonder if it's my plant that's on fire?"

the importance of that relationship with sounder credit.

Each City is Tested

Surveying engineers go over each city fire department with a fine tooth comb from fire department executives to personnel to apparatus. Nothing is overlooked. Critical judgment is passed on entrance examination requirements on departmental discipline, on the men's physical condition, on drill practice and on standards of promotional examinations. All apparatus from pumping engines to hook and ladder trucks and down to hose lines are taken out and tested under emergency conditions.

The engineer then summarizes the weak points of the Fire Department and specifies the means by which they may be improved. The resulting increased efficiency of the Department drives down the fire loss not only through greater operating skill and better equipment but through increased vigilance during the routine of regular inspection work of the uniformed firemen.

Thus a better Fire Department results not only in increased safety for the citizens of a city but better credit

ratings for that city's business men as well.

The various mechanical devices for the detection and extinguishment of fire which have been perfected during the past quarter century are too numerous to be discussed adequately in this paper. But of the salient advances one of the highlights has been the continued improvement of the automatic sprinkler which today can fulfill its purpose of conquering incipient fires without causing excessive water damage in the process. This has been accomplished through the perfection of automatic shut-off devices.

New Detection Devices

Of equal importance have been the astounding innovations in mechanical fire detective apparatus one of the latest of which is an alarm which is sounded at central headquarters when smoke crosses a beam of light—the same principle which had previously succeeded in burglary detection.

Transcending even the scientific achievements of recent years in the advance toward increased fire protection has been the co-operative attitude of manufacturers who all too willingly submit their products to the rigorous testing organizations such as Underwriters' Laboratories Incorporated and the Bureau of Standards.

From these proving grounds come a ceaseless flow of products tested and approved for fire resistive qualities as well as resistance to other possible hazards.

The man who is about to erect a plant or a mercantile establishment can purchase building materials which have gone through as severe a test as the ingenuity of man can devise. They have passed this test and will meet the claims made for them in resisting fire.

In his plant or store he can install electrical apparatus, labelled and approved after super-satisfactory performance during an extended test. If the nature of his business be hazardous through the interplay of dangerous chemicals or volatile liquids he finds ready to hand not only rules for safe practice in his required processes but standardized equipment ranging from complete rooms or booths to storage cans and containers all approved for his protection and the maintenance of his credit standing.

Fire extinguishers guaranteed to perform may be purchased and rules for their care obtained free for the asking.

Protection of Records

In the financial end of his business the American manufacturer or merchant is accommodated by fool-proof vaults and safes for the storage of securities, financial accounts and records the loss of which would be a tragedy beyond repair. These vaults and safes provide immunity to the ravages of both fire and water and insure against a business ruined

through the destruction of papers which could neither be duplicated or replaced at any cost.

It is a source of genuine pride to me that the National Association of Credit Men has been one of the prime factors in this trend. The work begun more than twenty-five years ago is now bearing fruit, for a country conscious of the importance of fire protection is a country aware of the necessity of credit protection. And where the importance of credit—the motive power for all mercantile and industrial endeavor—is recognized and safeguarded by a nation, her people are on the right road to the maintenance and prosperity of free enterprise.

Year Around Activity

It is encouraging to realize that Fire Prevention Week during October of each year is not a week of frantic haste to make up for the neglect of the fire problem in America during the rest of the year. Rather has it become more of a symbol of unceasing activity for 52 weeks of every year—the culmination of a year's vigilance and effort.

For my part I like to consider Fire Prevention Week a period of renewal and a time to resolve afresh that the scourge of fire must be lifted from the American people. The terror, death and commercial stagnation visited upon us by the red marauder need not be suffered. We have proven that in some measure by the efforts of the past. Let us now continue the advance.

In making this fight we not only have a commercial end in view but a social cause of which any man might well be proud. For in our interest in Fire Protection we inevitably are fighting not only for higher standards of credit but for the board principles of the conservation of American lives and resources which our country so sorely needs today when not only our prosperity but our very destiny hangs in the balance.



Chicago Times Photo

"What Does the Card Show?"

An Information System for Credit Control

By John E. Hurst, Toronto Carpet Mfg. Co., Toronto, Ont.

CIn discussing my subject of "A Method of Recording Information for Credit Control," it is my desire to outline the main features of a system which has been developed for the purpose of effective Credit Control. This covers such a wide field and the various phases are so comprehensive, that it would be impossible to deal with every element of the subject. The fundamental principles for the granting of credit are generally well known to credit men, but it sometimes happens that the information procedure in the credit department is not so effectively carried out. It is with this end of the subject that I wish to direct your attention.

The first qualification of a credit man is a good memory, but we are not all blessed with remarkable memories. We, therefore, need supporting data, properly systemized for speedy and efficient reference. Many of us are dealing with thousands of accounts, and it is impossible to recall facts and figures without some record as to their financial set up, and especially their behavior in meeting obligations. Years ago, when large corporations were few, the bookkeeper was invariably the credit-man, and the hand posted ledger sheet was the only source from which information was derived.

Conditions Are Now Different

Today, conditions are changed. Our customers, more numerous than before, are to be found in remote parts of the country, and far removed from actual contact and the source of supply. Credit bureaus of information have been established in all parts of the country to meet these conditions, and fortunately, these services are available for our safety and convenience. With all this expansion of business, and the detail which accompanies it, the ledger keeper is no longer the credit man, nor the ledger sheet completely suitable for modern requirements.

A point that cannot be too strongly emphasized:—The credit man or credit department should not be burdened with unnecessary detail or unnecessary duplication of the ledger sheet. Naturally, all credit information is useful, but why duplicate that information on credit records, which is not consistently referred to in our regular routine of credit authorizations. All information should have a definite and specific purpose. The duplication of information and figures are only warranted when it saves the time of the more highly paid credit employee.

It will be generally conceded, I think, that some form of credit reference record is necessary, other than the

ledger sheet, consideration should, therefore, be given to the most practical means of accomplishing this result. Difference of opinion will naturally arise, as to the best method for each and every credit department. Our business conditions are not all alike and what would be suitable in one place, might not be essential or necessary in another.

The fundamental principle of the system, however, should be the same. The compiling of credit information should be intelligently assembled, to meet our individual requirements. Speed and accessibility are perhaps the most important. The credit manager should not unnecessarily take up the time of another employe, when such information can be assembled and at hand for most routine matters.

A vast amount of information is now made available to credit men, not only from credit agencies, but from our credit bureaus, group meetings, and business associations. Much of this valuable information finds its way to the general files with little or no attempt at classification, and beyond what we can remember, the real value is not completely used.

Simple System Necessary

To preserve such records, a system which functions with the least possible expenditure of time and money is essential. All pertinent and useable factors should be recorded on our credit cards; the ledger and financial files to be referred to only when problems of unusual character are being considered. In outlining this subject for our discussion, I realize that many of you have a similar method of recording information for credit control. Nevertheless, the interchange of our ideas is bound to result in an improvement and a wider knowledge of the subject as a whole.

For our discussion I present a rough outline of a credit card, which, it is hoped will prove both interesting and instructive. Accompanying this card, is a code covering practically every method of delinquent payments. This code is used in conjunction with the card, as will be described later.

Function of Each Item

Each section is numbered, and I shall now proceed to give a brief explanation. We shall take them in numerical order, and endeavor to explain the function of each. Although I have referred to this record of credit

information as a card, it is not a card in the ordinary sense of the term. It is really a loose leaf, visibly, indexed book, so constructed that additions and withdrawals may be adjusted as required in regular alphabetical order. Where more than one company's records is controlled by the same department, a different colour sheet is used, but the ruling and set up are exactly alike.

The line up of the card is, I think, fairly obvious to everyone. Maintaining such a system, may seem a prodigious task, but as will be unfolded as we go along, several of the sections are not applicable for all customers.

Numbers 1 to 5 inclusive, covering Name, Town, Terms, Buyers and Salesman, are visible when the sheets are inserted in the binder.

Sales Record Sometimes Valuable

The object of this arrangement being that classification may be made in any of the following ways:—alphabetically according to customer, according to province or state, and according to salesman or District, to correspond with the Ledgers, Sales Records, etc. It is not suggested, of course, that a credit record should contain statistical information of Sales, but, as the two departments, Sales and Credits, are so closely aligned, there are many instances when synchronization of records are extremely valuable.

In connection with section number 6, no observation may be made, as this refers to the customer's rating and strength, as determined by the credit agency.

Space number 7 is reserved for the date on which the last rating was checked. That is, from the last issue of the agency's book, or from a subsequent report not yet listed. A general check of all ratings should be made periodically, showing the date of each check up.

Financial Statement Record

Item No. 8, refers to the Financial Statement. The only date entered is the date of the statement and the date received.

It would be very convenient, of course, to have all the details of a financial statement listed, together with a comparison of the various ratios, but such a procedure involves, a tremendous amount of work, and cannot be successfully carried out without the aid and expense of additional experienced help.

For most credit authorizations, an analysis of the statement is not really essential; especially where the firm is well known, and its reputation and paying behaviour above reproach.

Space No. 9, is intended to record the date on which a Dun & Bradstreet's report is requested, and subsequently, after one year's continuous service, has been received, whether that request is renewed or cancelled. The activity of the account, together with our experience as to customer's ability in meeting obligations, will help us to decide if the expenditure of another dollar is warranted. In this way a check of Dun's reports is maintained, throughout the year, and will give the total number of contract for at the commencement of each year.

Credit Insurance No. 10

Section No. 10 deals with the amount of credit insurance applying to that particular customer. As credit insurance is invariably based on the highest credit granted to a customer under a specific Dun's rating, it is advisable to show the current rating of the customer and the amount of insurance. When the financial rating of the customer changes, the amount of insurance may also change. For instance, a customer's rating of D1½ (35/50H) may carry insurance of \$10,000.00. If the customer's rating were reduced during the year to say E2 (20/35H), the insurance on that particular rating may be \$7,500.00. The entries in this section of the card would therefore be:

RATE	AMOUNT	YEAR
D1½	\$10,000.00	1940
E2	7,500.00	1940

Thus the current insurance protection is immediately seen when passing credit.

CREDIT RECORD

DATE	RATE	STRENGTH	DATE	FIN. STAT.		NOTES	MTH	PAID	DUE	AMT	CLEARINGS																						
				DATE	H.C.R.						DATE	OWN	PAID	CASH																			
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We now come to the part No. 16, dealing with past due, or delinquent payments. A mimeograph copy of a "Code for delinquent payments" has been made for your convenience. You will observe (*Cont'd on page 28*)

No record is made of customers whose payments are received on time, or when cheque or draft is paid shortly after due date.

October, 1940

Business Life Insurance

How It Fits in General Credit Picture

By Leon Gilbert Simon, Ex-President of Life Underwriters Association of New York City

THE increasing complexity of business has enhanced the importance of business leaders. Just as the loss of its commanding officers turns an army into an undisciplined horde, so the loss of the managerial brains of a business enterprise has a distinct depreciating effect upon the organization. One of the major problems of modern management has been to find a method of absorbing and minimizing this loss. Life insurance has provided a solution of this problem in the form of business insurance.

Insofar as America is definitely recovering from the ill effects of the Depression, it is interesting to note that several insurance companies throughout the country report a very noticeable increase in the sale of business insurance policies and this is exactly as it should be. As the business recovery gets more momentum, so the sale of business insurance policies will become larger in number and correspondingly greater in volume.

During the low ebb of the Depression it was necessary for a great many business enterprises to lapse their business insurance policies because of the lack of funds, and it was therefore only a natural sequence that as the recovery gained momentum the number of policies for that specific protection would be rapidly increased.

Purpose of Business Life Insurance

In presenting the subject of business insurance, it is necessary to emphasize more than ever before the objects and purposes of this kind of protection. If the fundamental ideas are conveyed in understandable language the client will frequently get the immediate importance of the subject and will be willing to be reinforced by its protective measures.

Business insurance is essentially life insurance applied to business needs. It is a mistake to believe that Business Insurance applies only to big business interests. By analogy, it is just as important to the small concern as the \$5,000 or \$10,000 life insurance policy is to the laboring man's widow. The majority of business insurance policies being written today are of comparatively small denomination, the average being about \$8,000. Practically every small storekeeper and owner of a moderate sized wholesale or jobbing business is in real need of business insurance.

Business insurance is being applied every day for use among corporate enterprises. For example, the president of a corporation is insured for the benefit of the corpora-

tion because of the fact that upon his death the company will be unable to replace him quickly and the loss of his valuable services may mean a financial loss. This financial loss is absorbed by business insurance. Business insurance is essential to both corporations and partnerships. It may be used to provide the money with which the surviving partner or stockholder can purchase the deceased's interest. The surviving partner or stockholder thereby succeeds to the full ownership of the business. This avoids embarrassing entanglements and eliminates a situation where the widow or another heir "comes into the business." It also eliminates the necessity of a surviving partner or stockholder borrowing money to buy his late associate's interest.

Needed by Small Companies

It has been argued that business insurance is essential for large corporations but not so urgent for partnerships. This idea is wholly incorrect. Ordinarily the death of a partner immediately dissolves the partnership, the surviving partner becoming responsible for all partnership debts. Under these conditions, it is very advantageous for the surviving partner to have a business insurance agreement in force supported by life insurance so that he will have the money in hand to pay off the deceased partner's interest.

In the close corporation, business insurance is extremely essential. It makes no difference whether one stockholder has a larger share of stock than another, the ownership of the close corporation stock should be redistributed through business insurance upon the death of the stockholder.

Where business insurance is used to buy the interest of the decedent it is essential that all the details be explicitly stated in the written agreement and it must be kept in mind that the life underwriter is not a lawyer and should not draw up legal documents. The underwriter should not submit the legal agreement to the prospect, but merely outline what the agreement should contain. The underwriter should be thoroughly familiar with the purpose of the agreement and with its essential characteristics, but some competent lawyer should do the actual preparing of the agreement.

The credit standing of a firm is often measured by the amount of business insurance which it carries. Progressive mercantile agencies and banks (including the Federal Reserve Bank) ask how much of such life insurance

is owned. It forms an important item on financial reports and statements. Business insurance not only creates credit, it also acts as a shock-absorber when credit stability is threatened. When the important person in a firm dies, it follows that the business suffers a certain economic loss. The credit of the firm may be curtailed, creditors may become anxious about the stability of the business, the bank may refuse to renew notes and the morale of valuable employees may be undermined by a feeling of uncertainty or worry concerning their future. The impact of these shocks can be absorbed by business insurance. There are several other secondary advantages which business insurance offers a business enterprise. For example, after business insurance policies are in force a few years their cash values constitute an emergency fund which may be used for business purposes during the lifetime of the insured members of the company. The business insurance agreement may be so written that when the members of the company reach advanced ages, the cash values in the insurance policies can be used as a first payment to retire the members from the business. Sometimes a business organization needs additional capital for expansion and authorizes a special bond issue so that the proceeds can be used for such a purpose. In that

event the responsible lives may be insured with the understanding that upon the death of one of the insured persons, the proceeds of the policy will be available to retire the bonded indebtedness in whole or in part.

To sum up the essentials of life insurance in its relation to business, we find that business insurance specifically accomplishes the following purposes:

1. It replaces the economic loss of a valuable life.
2. It retires the decedent's interest and allows the survivor to continue.
3. It provides an available emergency fund.
4. It acts as a shock-absorber.
5. It stabilizes credit standing.
6. It retires individuals at old age.
7. It retires outstanding indebtedness.

Trusteeship

After some years of research life insurance companies found that the proceeds of policies which had been previously paid out to beneficiaries did not accomplish very much of their original purpose. Frequently it was found that the beneficiaries had dissipated the principal or poorly invested the proceeds and subsequently lost the remaining principal. Beneficiaries seemed unable to make proper and wise investments of the proceeds of life insurance policies, with the result that after a few years the principal had been dissipated or lost. Under these conditions it was found necessary that a certain form of guardianship be provided so as to increase the probability

that the proceeds would accomplish the original object of the insured. Under these conditions the optional modes of settlement of life insurance policies were greatly developed and to a large extent used by certain beneficiaries and in many cases specifically designated by the insured. This was really a method of providing trusteeship for the beneficiaries. Life insurance trusts with the bank as trustee also gained in popular favor and use. In the latter case provision is made that upon the death of the insured the proceeds shall be paid to a bank or trust company acting as trustee and that the money is to be invested for the benefit of beneficiaries in accordance with the text of the agreement. This method of protection also

provides for sufficient flexibility so that if a beneficiary requires additional funds for emergency purposes, the trustee can be empowered to exercise discretionary powers and allow the beneficiary to withdraw a part of the principal, if the trustee deems the situation of sufficient importance.

The underwriter should suggest to the prospect that in purchasing life insurance policies he has provided the necessary funds. In addition, thereto, it is necessary to provide for proper management of those funds. A corporate trustee in the form of a bank or trust company is

found very desirable for that purpose. It is generally considered good practice to make the insurance policies payable to a bank or trust company as trustee and a separate insurance trust is written between the insured as the trustor, and the bank or trust company, as trustee. This trust is frequently a flexible trust which allows the trustee discretionary power of investment so that the trustee will not be restricted to legal investments. This discretionary investment power is sometimes reflected in the larger net return to the beneficiary of the estate. Additional discretion is also given the trustee so that in case an emergency should exist after the death of the trustor, then a certain part of the principal, in addition to the income, can be paid to the beneficiary. This makes a very flexible arrangement and provides for any emergency that may arise after the death of the trustor and which emergencies cannot be definitely gauged at the time the trust is written, or at any other time before the death of the trustor. Experience indicates at this stage of the life insurance business that the corporate fiduciary acting as trustee has gained great favor in the public mind and as life insurance, due to many years of effort has made the public "insurance minded" it is assumed that in the next few years the life underwriter in cooperation with the trust officer will make the public "trustee-minded."

Trusteeship Essential

In business insurance we find that trusteeship is also essential to carry out quickly and completely the intentions of those concerned. It has been found in practice

Mr. Simon is well known as a speaker and writer on life insurance and allied subjects. He is the author of "Inheritance Taxation," "Business Insurance," "Business Security," "Variables in Money," "Corporation Insurance," "Partnership Insurance." Trained as engineer and mathematician, a graduate of Columbia University, he has for years been a large producer of life insurance. Mr. Simon is a life member of the Million Dollar Round Table, an ex-president of the Life Underwriters Association of the City of New York. He lectures at New York University, has lectured also on several occasions for the American Bankers Association, and has spoken on economics before various Chambers of Commerce. Mr. Simon is chairman of the advisory counsel of the insurance trust department of the Chase National Bank.

that where the insurance is payable to the members of the firm and an agreement exists which provides for the purchase of the decedent's interest, it sometimes occurs that law suits and litigation result. Sometimes the surviving members of the firm refuse to make the purchase of the decedent's interest and in some cases the executors and administrators of the decedent's estate refuse to sell the interest. This misunderstanding and change of desire after the death of one of the members of the firm frequently causes much delay and considerable embarrassment which is generally followed by a law suit. The life underwriter who is selling business insurance must convince the prospect that his plan, which should include the bank or trust company as trustee, really insures against the hazard of such difficulties. It practically minimizes law suits and provides for the successful completion of the original plan without delay. In addition, it generally eliminates misunderstandings that might otherwise occur.

The bank or trust company acting as trustee is empowered by a separate business insurance trust agreement to receive the moneys paid upon the death of one of the members of the firm and to use the proceeds to purchase the interest of the decedent. In the case of a corporation the members of the corporation at the inception of this agreement deposit their stock with the trustee, and this stock is generally endorsed in blank. During the time that this stock is held (in escrow) by the trustee the members of the firm do not lose any of their voting rights or dividend privileges or any other benefits which are accorded by ownership of the stock, except that they cannot sell or dispose of their stock to outsiders. It also insures quick transfer of stock to survivors. In many such trust agreements it is specifically provided that members of the firm will be allowed to sell their stock to an outsider after the stock is first offered for sale to other members of the organization. If after a certain lapse of time those members have not made the purchase, then the stock may be offered for outside sale.

Interests Are Assigned

In the case of a partnership, each partner is generally asked to assign his interest in the partnership to the trustee for the purpose of completing the sale of that interest when he dies. The insurance proceeds at his death are payable to the trustee who thereupon terminates the purchase price of his interest to the beneficiaries of his estate and the trustee then transfers the previously assigned partnership interest to the surviving partners.

The bank as trustee has gained great favor because it can be regarded as a competent referee and is fully capable of performing the desired function.

The bank or trust company acting as trustee acts as a financial policeman to compel the completion of the plan. It may also be regarded as a guardian or custodian of the business interests.

There are many factors which favor a corporate trustee. This type of trustee can be relied upon to carry out the original intention of each of the members of the firm. As an outside entity the trustee is disinterested in any of the selfish interests of the surviving members of the firm or the beneficiaries of the decedent's estate. Therefore the trustee's attitude is impartial. They are also in a position to demand an appraisal of the business

WEYENBERG SHOE MFG. COMPANY MILWAUKEE

August 27, 1940

Fraud Prevention Department
National Association of Credit Men
One Park Avenue
New York, New York

Attention: Mr. H. S. Roberts, Service Manager

Dear Mr. Roberts:

In reply to your letter of August 22 with Fraud Prevention statement enclosed, this is being approved and our check will follow.

We do not exactly measure the worth of this by the direct benefits which accrue to us or to any one particular manufacturer, but rather recognize the necessity of supporting a department of this type so that unscrupulous or would-be unscrupulous individuals may know that there is some organization other than the Postal Department or Department of Justice which is ready and willing to put forth its effort and time in not only preventing fraud and other irregularities, but eradicating them as well.

We continue to support this department in the hope that its development and growth will be progressive and inclusive to a point of eventually covering the entire country.

Yours very truly

WEYENBERG SHOE MFG. COMPANY
(Signed) R. S. Shannon

RSS:RK

at the time of the decedent's death and they may be empowered to appoint an appraisal expert to do the work. This would avoid the possibility of the survivors depreciating the value of the decedent's interest in the business. In other words, it would guarantee a fair method of valuation which would in turn provide full compensation for the decedent's interest. This is by far a more satisfactory adjustment. Incidentally, the corporate trustee, as such, has experience in these matters of trusteeship and is aware of the various pitfalls which may overtake an inexperienced trustee.

Professional Trustees

The professional trustee knows the methods of trusteeship which have been acquired from vast experience and if in place of this professional trustee (the bank) a substitute is desired in the form of some individual or even a group of two, three or four individuals it is quite probable that the original intention of the trust will not be completed to the satisfaction of all concerned. Individual persons or groups or persons acting as trustee in general have little if any experience in handling such matters. This lack of experience is reflected in their inefficient management of the trusteeship and, because of this fact, it is generally conceded that a bank or trust company acting as trustee in business insurance matters is far more desirable than any other form of a trusteeship which can be acquired.

The cost of this trusteeship is very small. It is generally a few percent of the principal involved. The underwriter should call the prospect's attention to the fact that the small charge which a bank or trust company collects as trustee, is negligible when compared with the importance of the service rendered and the function performed.

Experience indicates that the best possible results are acquired where a business insurance agreement includes the use of a bank or trust company as trustee. Under these conditions the highest efficiency is obtainable and the chances of disputes or losses are eliminated.

Cooperation With Sales Department

How Credit Department Can Boost Profits

By Carl Barton, Credit Manager, Round Oak Co., Dowagiac, Michigan

CI once worked with a sales manager, who was apt to take exception to any account on which credit was turned down or on which the extension of credit was questionable and when discussing mutual problems with him, he would be quite apt to pick up whatever papers were lying on his desk, throw them in the air, and make the remark that every time the sales department tried to secure additional business, the credit department would throw it out of the window. If reference was made to the general manager, the sales manager would refer to him as "Little Jesus." And then again, in conversation with the general manager, he would sometimes refer to the sales manager as being the "Vice-President in charge of Cuspidors," and never could I get the two together to talk over our mutual problems of Sales and Credits. As time went on, it became necessary for the general manager to discharge the sales manager and shortly thereafter, learned that the ex-sales manager had taken his own life and a few months later the general manager died from a cerebral hemorrhage.

Now, you can well appreciate the fact that working under these particular conditions, while being detrimental to the company as a whole, was also detrimental physically to the men involved, in fact I was nearly a nervous wreck myself.

As the company went on under new management, I have always made it a point to visit both the offices of the general manager and the sales manager every morning. In our own particular office routine, all remittances come over my desk and I am in position to appraise the management each morning as to the amount of money received. I further make it a point to inform both the general manager and the sales manager of that particular detail, as well as make inquiry as to what may have been received in the morning's mail in the way of sales, etc. This, I believe, creates a spirit of cooperation between management, sales, and credit work.

I know some of you men hold positions as both treasurer and credit manager of your company. This arrangement, no doubt, has some advantages; however, in my own case, the combination happens to be that of office manager and credit manager. I believe it to be a good

combination, in that customers, when making settlement for their accounts, will often times bring to the credit manager's attention any errors that may have crept in in the filling of their requirements and the office manager, in training the office employees to avoid errors which are aggravating to the customer, is indirectly cooperating with the sales department in making better satisfied customers for the company.

No longer need the credit department be looked upon



as an overhead expense to be added to the bookkeeping department, nor one whose principal business is to refuse orders. In our modern method of extending credit, it is our aim to devise ways and means whereby we may assist the sales department in securing additional business, which is profitable to both the manufacturer and the salesmen covering the various territories. Our own Mr. Heimann, in his book "America's Balance Sheet," brings out the point that a good credit man is a salesman—he must be if he is to do his job well. This, if properly applied, makes the credit department productive and takes it out of the

so-called "overhead" in an office set-up.

It is well that the credit man meet and know personally as many of the company's customers as possible and in the case of larger dealers to know the owners of such businesses. I have in mind one particular customer on the Round Oak Company's books to whom we are extending credit that if it were not for the fact that I knew the owner of that particular concern, the problem of extending credit would be quite difficult. You may not always trust the personnel of a company with whom you are doing business, but by knowing the owner or those directly responsible to the owner through management of the business, you can with a greater degree of confidence extend such credit as may be required.

In the case of the particular customer I have just mentioned, we recently received an order for merchandise well over \$1,000.00 through our salesman, on which the Management suggested that cash be secured in advance. Knowing the owner of the business, I O.K'd the order on open account against the opinion of the management and I am pleased to report to you that the in-

voice covering that particular shipment has been paid within the discount period. Had we not shipped the order on open account, I am reasonably sure that it would have been canceled, which of course would have been a blow to the salesman who took the order and to the sales department. In knowing your customers, you are co-operating with the sales department.

Develop Cash Discounters

It is well on questionable accounts to sell the dealer on the advantages of earning cash discount rather than make him feel he must pay cash less discount in order to secure the merchandise. I have had dealers tell me that they are able to pay their office help and in one instance even buy a car with earned discounts, whereas if they were led to believe they could not have had the merchandise without paying cash, less the discount, no doubt we would not be enjoying their business.

I make it a point to mingle with the sales department and wherever possible to meet through the salesmen our new customers. In any inter-department activities, such as golf games, ball games, etc., I make it a point to be on the sales department's team rather than to be playing against them. This, I believe, helps to develop good fellowship between the two departments and when we have dealers in the office who enjoy any entertainment that we may have to offer, the sales department includes the personnel of the credit department in helping to enter-

tain such customers, for after all the customer should try to create the confidence of the credit department, as well as the sales department, and I believe it works out to good advantage to the company and does go a long way towards creating cooperation.

If salesmen are traveling and selling on a commission basis only, I believe it is well for the credit man to acquaint himself through the sales manager as to the earnings of the various salesmen, as the credit department can through suggestions to the salesmen who are actually working in the red to work out plans whereby additional merchandise may be sold in those particular territories. I am sure any well-thinking sales manager would welcome the credit man's interest in the welfare of the salesmen.

Get Confidence of Salesmen

I do not believe it is well to criticize the efforts of any salesman to the sales manager. It only tends to create a feeling on the part of the sales manager that you are belittling his organization. But, in turn, try to create with the salesmen a feeling of confidence in you, as credit manager, so that any criticism of your department by the salesmen will be given direct to you and not to the sales manager. I presume there are those types of sales managers who instruct their salesmen to send direct to them any criticism they may have on the credit department, but



by not criticising the salesmen to the sales manager, and, in turn, do not have the salesmen criticise you to the sales manager, a great deal of discord can be avoided, thus making for more pleasant relationship between the credit and sales departments.

I believe that any credit man's office should be just as much the home of the traveling salesman as the sales manager's office. I believe they should be treated with every courtesy and be given sufficient time and pleasant interest to any problem that he may have for discussion. It so often times takes the burden from the sales manager's shoulders, thus giving them more time for constructive sales work.

Credit Men must exercise care in the writing of letters to customers so that at any time salesmen call on the dealers, they will not have to bring up for discussion any letter they may have received from the credit department. This perhaps may not hold true in all instances, as there are, of course, those types of dealers where considerable pressure must be brought to bear on their account. However, in these particular cases if the salesman is working in a spirit of cooperation, he can visualize through the dealer the position of the credit man in his endeavor to keep the account in line. Believe it best, however, not to show too strongly our feelings towards a particular dealer in our correspondence.

In our own particular office, there is prepared monthly a list of past due accounts and from time to time I have gone over them with our sales manager and he, in a spirit of cooperation, has at various times been of material assistance in making collection on some of these accounts.

Sales Aide in Collections

This one assistance to a credit man, if for nothing more, is well worth the effort put forth to create cooperation between the two departments. A credit man's arms may reach from coast to coast and I like to refer to the salesmen as being fingers on the arms. You can surely visualize the helplessness of arms without fingers and if through cooperation you can have these salesmen operating as your fingers in assisting in collections, it is well worth the effort, as an antagonized salesman is just the same as a sore or useless finger on the hand.

You have seen a great many cartoons depicting credit men as being the damper to sales activities, and I am wondering just whose fault it is. Have we created in the minds of the public that our particular job is to refuse orders or is it just the natural instinct of salesmen and customers to think that credit men are depicted with horns and a cloven hoof and to be avoided? I hope the time will come when there will be cartoons illustrating a credit man as being cooperative with his associates and productive to his employer.



"Others Sell Him-He Must Be Good!"

How Some Salesmen View a Credit "Turn-down"

By J. A. Ritchie, Crane Co., Cleveland, O.

Even under ideal conditions, the credit executive is beset with many problems. He must be temperamentally suited for his position as his judgment is continually susceptible to criticism. It is difficult for him to prove conclusively that his decisions are correct and should be accepted because it is impossible to submit concrete evidence that is not subject to various interpretations to support his convictions. The opening of new accounts is one of the important duties that he performs, and considerable ability is required in properly handling this function of his work. His future troubles are enhanced or mitigated depending upon the wisdom of his decisions in respect to opening new accounts. In fact, his reputation is vitally affected when these decisions are made.

In the building industry, it is customary for both the customer and the salesman to submit the names of a few references and expect the credit man to predicate his judgment upon reports received from these firms. This method of determining credit risks, very prevalent in our industry, is responsible for a great deal of the losses that have been sustained. The experienced and successful credit executive knows that when references are submitted, only the names of the firms where the customer's credit is good are given. Obviously, the customer would not be so indiscreet as to furnish the names of creditors who have long over-due accounts on their books against him, and which they have not been able to collect. Therefore, the consulting of references should be discouraged because the information in most cases will prove misleading and cause favorable decisions to be rendered on very meager information.

Need for Unbiased Reports

No new accounts should be opened before reports are obtained from the various agencies or bureaus which are established to provide such information. These reports are unbiased, contain factual information, and while not always complete, usually include sufficient data to enable the credit executive to intelligently decide on the risk. If these reports are favorable, even though the information is inadequate, the granting of credit is justified if only on the assumption that in the absence of bad, good prevails. However, if these reports include detrimental information, credit should be declined irrespective of whether our competitors are selling the account. In other words, preference should be given to the information in

the reports if they conflict with the opinions and reports of references or salesmen.

One of the vexatious problems continually confronting the credit man is to convince the salesmen that credit should not be extended merely because our competitors are selling the customer. The salesman is inclined to believe that our competitors would not be selling this customer unless they had adequate information to justify it, and this causes him to feel skeptical and question the decisions of the credit man who has properly and wisely declined to open the account.

In other words, the salesman finds it difficult to conceive that any credit man could be so injudicious as to grant credit promiscuously and on only meager information. He usually has a higher respect for the conservatism of the credit man, and it is to be regretted that many of our decisions are based on so little information that we are not entitled to this reputation. In fact, in many instances he would be sadly disillusioned and astounded at the carelessness exemplified in approving credit of those customers not entitled to it.

Should Know Commercial Law

A properly qualified credit man should be experienced in the industry, tactful, courteous, and have a good knowledge of commercial law, taxes, accounting, and a natural instinct for this particular work. Like very good salesmen, these good men are scarce; and in many firms, men with only a few of these attributes are given authority in handling credits. This is a serious mistake and very expensive as may be witnessed by the volume of losses from bad accounts. In many instances, an inefficient credit man is designated as being sales-minded, merely because he is usually gullible and inclined to approve credits without adequate information to make such important decisions. Such credit men are not sales-minded but are a distinct liability to the sales organization of any business. Over a period of time they become involved in many unpleasant situations, and their losses are so great that the sales division, customer, and competitors have very little respect for their ability.

On the contrary, a properly qualified credit executive is an important asset to the sales division and is usually responsible for a large amount of business. It is soon recognized by everyone in the industry that his judgment is sound, he is fair to himself, customer, and the firm he represents; and no one can justifiably condemn such vir-

tues. His counsel is sought by the customers who consult with him on their various problems. He frequently is able to get valuable information for the sales division that they could not obtain. This intimacy attracts important customers to the firm and helps to maintain the friendly relationship that is so essential in this business. Ability and common sense combined with experience are the qualifications a sales-minded credit man must possess.

Every firm should endeavor to have a highly efficient credit department and then accept their decisions. In many instances, the sales executive or other officials decide on credits and often over-rule the judgment of the credit executive. Such practices should be discontinued because they are apt to be inclined to take unwarranted chances and be influenced by the desire to increase sales. Very few of these executives have been properly trained in credit work, nor do they have the time to devote to the thorough investigations of doubtful accounts. All their energies and efforts should be confined to increasing sales and proper management of the business. They should not be burdened with the duties of the credit department; and usually when they do deem it necessary to interfere with the functions of the credit executive, it is because he has not demonstrated to them by his past record that he is competent and fully capable of justly deciding the issues involved in his work.

Some very important losses in our industry have been the result of having credits decided by persons other than the credit man. This should convince the management of any firm of the necessity of having an efficient credit department who alone decide on all questions concerning credit.

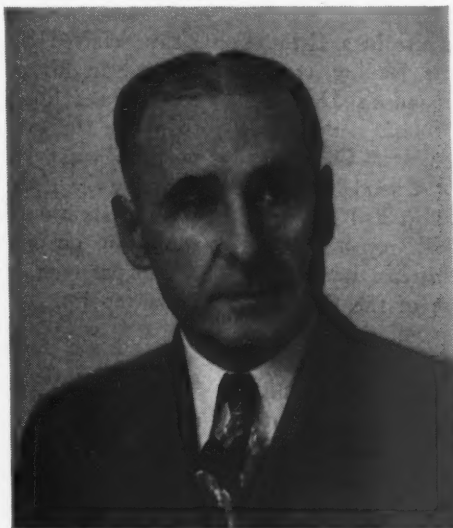
To successfully manage a credit department, it is necessary to exercise strict surveillance over the condition of the accounts. Collections must be followed closely in order to prevent dangerous situations from developing. A credit executive should be informed of the reasons why any account is delinquent. Very often the circumstances are such that it cannot be prevented, and in these instances there is an opportunity for the credit man to display very good judgment. He must be tolerant in some cases and very vigorous in others depending upon the conditions. Usually very little trouble ensues if the establishment of credit was predicated upon good business judgment supported by complete information in his files. It is a mistake to believe that careless credit granting can be overcome by enforced collection procedure. This should be avoided unless, after careful deliberation, it is the only course to pursue. It is unpleasant, expensive, and entails a great deal of work. It usually leaves a scar that forever reminds the victims of such tactics of their unpleasant experience with the firm.

Manner of Collecting Important

Your ability again is evident from the manner in which you direct your efforts in collecting accounts. Intimate acquaintance with each customer enables the credit man to proceed properly and deal with each customer according

to his character. It is, therefore, highly desirable that the credit man cultivate the acquaintance of each customer on his books so that, in case of necessity, he will have a knowledge of the person with whom he is negotiating.

It is difficult to understand the apathy of many of the executives in our industry toward the losses incurred in this business during the last decade. Perhaps the explanation is that they are deluded by the name of this large operating expense when it is in its infancy. It always germinates under the luring title of a sale. Too frequently it develops to be a spurious sale and appears on the income statement under the deductible items. It must be remembered that when material is furnished on open credit to a doubtful account and a loss results, it is a donation and not a sale.



For many years the losses from bad accounts have constituted a large amount of the operating costs in this industry. Apparently this item has been ignored or given only cursory attention while all other operating costs have received the very close attention of the executives of every firm. Just why this particular item has enjoyed such immunity from attack is not understandable. Remedial measures are long over-due and it would behoove the executives of our industry to immediately concentrate their efforts in reducing to a minimum this large operating expense. It is a very lucrative source for increasing profits by the curtailment of expenses, and no executive can afford under present conditions to overlook the possibilities of gain by giving their serious attention to this subject.

Unsound Practices Must Be Changed

The manufacturer must recognize that it is his duty to inaugurate the movement that it is hoped will be initiated to improve the credit conditions of this industry. In many instances, too much credit is granted to the wholesaler and accounts permitted to become long over-due indicating an extremely lenient attitude toward collections. These unsound credit policies ramify from the manufacturer to the wholesaler and then to the plumbing and heating contractor and result in a credit situation throughout the entire industry that is unsatisfactory. The most severe competition is from the firms who do not pay their bills promptly, and in some cases not at all. In justice to those reputable firms who do pay their bills and conduct their business capably, this unfair competition ought to be eliminated.

There is one thought in particular that I wish to impress upon you, and that is that the loss from bad accounts is nothing else than an operating expense, except that it is listed under an alias. Considerable progress could be made to achieve our aims if the realization of this fact were given unlimited publicity and it permeated the minds of everyone connected with the industry.

In conclusion, it is my sincere hope that the appalling conditions that have existed in our industry in respect to bad accounts will be remedied by the intensified efforts of all those in official positions and who are responsible for successful and profitable management.

After-a-Fire Value of Records

News Reporter Digs into History of a Few Fire Cases

By C. F. Mather, Special Writer

CF We read in the newspapers about a fire in a distant city which destroyed several of the leading retail store buildings. We learn that Soandso's Department Store was completely destroyed. Perhaps Soandso has been our customer for many years. Our first reaction to such tragic information about a good business friend is to express the hope that Soandso had enough fire insurance to cover the loss of his building, his good stock of merchandise and to reimburse his loss while his store is kept from doing business because of the fire.

Then the startling idea pops into our mind: "Will Soandso really be able to start up his business at once? What if his records; his ledgers, his stock records, his credit files? Merchandise can be replaced. But what will happen if these all-important records were destroyed? Would Soandso be able to open up in a new building as a temporary location with but little delay?"

We received the assignment from the Editors of CREDIT AND FINANCIAL MANAGEMENT to make a study of several cases such as that of Soandso's to find out just *what did happen* to the records. This assignment came primarily as a result of a survey just completed by this magazine based on questionnaires mailed to a random sample of 10% of the membership of the National Association of Credit Men.

How Are Your Records Protected?

Out of about 500 replies received, the following facts were brought out in answer to the question: "Are your accounting, credit and collection files protected against fire?—How?"

14.91% of the manufacturers replying to this question reported no special protection.

34.60% of the manufacturers reported modern fireproof protection.

50.49% of the manufacturers reported partial protection.

And here is the story from the wholesalers and jobbers:

11.17% reported no protection.

22.34% reported modern fireproof protection.

66.49% reported partial protection.

If these amazing percentages hold true among manufacturers and wholesalers, we presume that the same or a lower percentage of fire protection of records and files would be found among retailers.

In covering the assignment we selected several items reporting extensive commercial fires from the insurance page of the *New York Journal of Commerce*. We looked up the name of the city editor of a leading newspaper in each of the

cities selected and asked him to tell us if the report printed in his paper told anything about the way the records and files came through the fire, and, if possible, to phone the owner of the business in question, and report on what he said about the way his records came through the fire. In most every case there has been a lapse of six months or a year since the fire occurred. We express in no uncertain terms our thanks to these fellow newspaper men for their excellent cooperation in making these reports.

Case at San Bernardino, Cal.

Mr. Earl E. Buie, City Editor of *The Sun*, San Bernardino, California, gave me the following report on a fire which destroyed two large store buildings in the downtown business district in August of 1939. This fire was reported in *The Sun* as one of the most disastrous in three years. Here is what Mr. Buie reports on the after-the-fire situation of the People's Furniture Company, the largest loser in the fire:

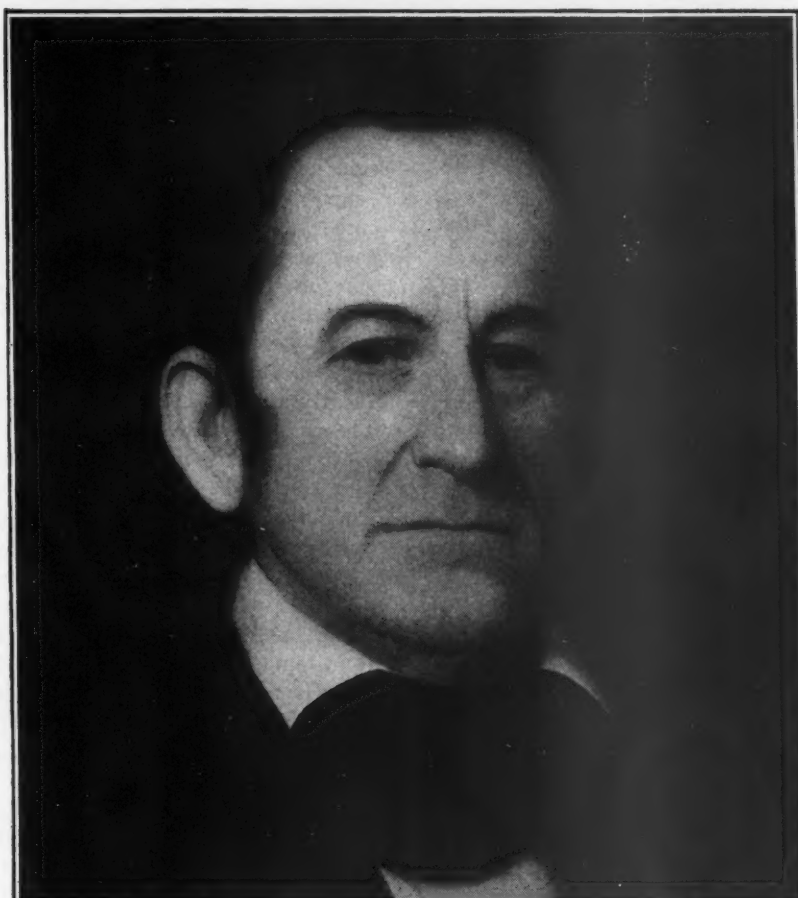
"E. I. Westervelt, whose furniture store in San Bernardino, Calif., was destroyed in a \$125,000 fire (Aug. 15, 1928), now locks the contract ledger sheets and daily charge slips in his safe nightly as a precaution against their possible loss.

"His records, said Mr. Westervelt, are more valuable, actually, than his stock because they cannot be replaced.



Carted Burned Records Away in Truck Loads

1810



1940

Jonathan George Washington Trumbull, first local agent of the Hartford

A promise that has been kept

In 1810, one hundred and thirty years ago, the Hartford Fire Insurance Company was organized under a perpetual charter to sell INDEMNITY; i. e., a promise to pay legitimate claims for loss or damage to property.

In December of that same year, Jonathan G. W. Trumbull of Norwich, Conn., a grandson of Connecticut's Revolutionary War Governor, became the first Hartford agent and the first local

agent of any insurance company in the state. A man of integrity himself, he demonstrated his faith in the Hartford by countersigning and selling its policies to his friends and neighbors. Agent Trumbull made no mistake in so doing.

You will make no mistake in dealing today with the Hartford agent in your community. For his name, just call Western Union. In Canada, call Canadian National Telegraphs.

Hartford Fire Insurance Company Hartford Accident and Indemnity Company

HARTFORD



CONNECTICUT

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Ruins of Sandusky Fire

In the fire which swept through his store, his records were largely destroyed. The stock alone was valued at \$40,000.

"The aftermath of a fire from the standpoint of office records is one of the most discouraging experiences a business man can suffer," said Mr. Westervelt. "I don't think I'd have the nerve to go through the process of reestablishing my

files again. And at that, I was lucky.

"My principal loss was in contract ledger sheets. Our contract ledger is kept in the safe, and this we saved. But as the sheets of this ledger are filled, balances are carried forward to a new sheet and the filled sheets are filed alphabetically in a filing cabinet, to keep the ledger from becoming too bulky.

"It was these filed sheets that burned in the cabinets, from A through E. Some were legible, though crisp, and many were 'paid-outs,' but we lost the itemized list of articles purchased, for our contract ledger sheets all are made out in itemized fashion, and each bears also a statement of contract terms and provisions.

Most People Basically Honest

"However, I have been fortunate in that few of my patrons have questioned the balances carried forward in the ledger kept in the safe; I don't suppose I lost more than \$400 through such ultimatums as, 'We want an itemized statement of what we bought or we won't pay the contract balance.' The itemized list, of course, was gone.

"We lost also all daily charge slips covering a period of several days. These were charge slips that had not yet been posted. We lost also practically all current invoices and other bills we owed, but these were easily replaced by requests for rebilling. The daily charge slips and the invoices were kept on spindles, and these were instant prey to the flames. Needless to say, we now keep much more in the safe than we did before."

Mr. William J. Waters, of *The Ithaca Journal*, Ithaca, N. Y., gave me the following report on the loss sustained by the New York State Electric and Gas Corporation last October:

"A disastrous fire in the building housing the old records storage file of the New York State Electric and Gas Corporation had little effect on the company's operations.

"The fire occurred Oct. 16, 1939. Today, the damaged records have been cleaned up and are now in the basement of the corporation's main office building here. Shortly, they will be transferred to the rebuilt and re-

modeled building in which the fire occurred.

Most Damage By Water

"The records were packed in metal shelves and metal transfer files, and the fire charred only the edges. More damage was done by water. Actually, the fire 'didn't bother us at all,' said J. Tracy Clark, auditor. 'One book was lost which caused us some annoyance. Otherwise, most of the records are on hand and, in the main, are easily readable.

"Codes established by federal and state regulatory bodies forbid the destruction of many records. Consequently a mass of material went through fire and water. The corporation rented a building, spread the papers and books on chicken wire, and kept the rooms at a high temperature. The drying process required three months. Then the task of inventory began. Today, five, sometimes six, persons are working on the records, inventorying and classifying them.

"All possibilities are exhausted before a record is declared lost," Mr. Clark said. 'A missing document may be in temporary use in some department. When a document is taken from the files, a 'charge-out' slip is left in its place. Some 'charge-out' slips may have been lost in the fire. Every effort is being made to make the list of records as complete as possible.

"The remodeled building to which the files will soon be taken is of brick, 190 by 20 feet. To keep the files in good condition, ventilating and air circulating equipment is being installed. Company officials say that blue mold can do more damage to records than fire and water."

From Mr. C. S. Severance, of the Greenfield, Mass., *Recorder-Gazette*, comes this report of another fire in the second floor of a business building:

"Here is the answer to your letter concerning the D. W. Finn Insurance Company and its recent experience with fire which destroyed three buildings on Federal Street for a total of more than \$125,000, Feb. 21, 1940.

Able to Continue at Once

"The company includes D. W. Finn, dealer in all types of insurance with the exception of life, and Roy D. Harris who handles life insurance. They maintain the same office, use the same stenographer. Both men were able to continue their businesses almost without any interruption. Finn, who today credited his steel office equipment with saving him much worry and trouble, said none of his records were lost.

"Both men naturally lost all the papers they had in their respective desks, including in the case of Harris birth certificates for his entire family and all the bills he owed (for which he said he only too soon received duplicates). This caused no embarrassment to their business, but did cause them some mental concern. Harris recorded that as late as last night he was wondering about something, and it suddenly dawned on him that that particular piece of paper had been in his desk. Harris lost a set of record rate books published annually since he first went into business, which he said he cannot replace and has caused him a little trouble."

From Topeka, Kansas, we selected an item about what was reported as a \$150,000 fire in the plant of the Seymour Packing Company. This report turned out to be considerably exaggerated. The fire did not affect the office, according to Mr. Wesley Gordon, City Editor



116 Years of Insuring Property Values

ASSETS		LIABILITIES	
Cash in Banks and Trust Companies	\$ 5,633,953.58	Reserve for Unearned Premiums	\$10,217,865.04
United States Government Bonds	9,561,838.63	Reserve for Losses in Process of Adjustment	1,507,397.00
Other Bonds and Stocks	17,308,798.98	Other Liabilities	761,468.39
Mortgage Loans on Real Estate	261,672.51	Mortgage Reserve	50,000.00
Real Estate	368,217.38	Capital	\$ 2,000,000.00
Premiums in Course of Collection (Not over 90 Days)	1,131,357.81	Net Surplus	20,008,202.65
Bills Receivable, Not Due	158,085.93	SURPLUS TO POLICYHOLDERS	22,008,202.65
Interest Accrued	75,788.57		\$34,544,933.08
Other Assets	45,219.69		
TOTAL ADMITTED ASSETS	\$34,544,933.08		

On the basis of December 31, 1939 Market quotations for all Bonds and Stocks owned, the total admitted assets and surplus would be increased by \$730,579.39. Securities carried at \$3,200,590.35 in the above statement are deposited as required by law.

FINANCIAL STATEMENT AS OF DECEMBER 31, 1939

United States Fire Insurance Company of New York

Organized 1824

HOME OFFICE: 110 WILLIAM STREET, NEW YORK, NEW YORK

U. S. DEPARTMENTAL OFFICES—
WESTERN DEPT., FREEPORT, ILL.
ALLEGHENY DEPT., PITTSBURGH



PACIFIC DEPT., SAN FRANCISCO
SOUTHERN DEPT., ATLANTA, GA.
CAROLINAS DEPT., DURHAM, N. C.

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of *The Topeka Daily Capital*. Mr. Gordon reports:

"In regard to your request for information about the Seymour Packing Company fire and destruction of office records:

"The company reports that none of its current records were destroyed. The only records damaged were old ones, which had no value except for historical purposes. No effort is being made to replace them.

"The fire took place in a building separate from the office where records, accounts, etc., are filed."

A Small Village Case

A case at Moscow, Tennessee, in which there had been reported a \$60,000 fire, is a typical case of what happens all too frequently in the smaller trading villages. The Moscow Mercantile Company was prepared last December for a "good Christmas trade." The stock in its store and in the warehouse directly back of the store was up to the highest point of the year. The fire started in mid-afternoon and soon had spread to other buildings adjoining. Fire trucks were rushed from two nearby communities, but by the time they arrived the three



What Happened to the Old Iron Safe

wooden buildings were just a pile of smoking embers. Some of those affected by the fire were successful in removing all of their records, but the Moscow Mercantile Company which relied upon the fire protection afforded by an antiquated iron safe, "with 6 inch walls." The contents of this old safe were found as just a mass of paper ashes. All of the ledgers and notes taken from farmers "until after harvest" were destroyed.

Another case at Sandusky, O., is of special interest because one firm which lost its records, including its fire insurance papers, was forced to quit business. In this fire, seven stores were practically wiped out by the fire. In most every case the first difficulty faced by each place afflicted was to set up a basis for adjustment on the fire insurance carried. In two cases the policies were destroyed, but other records kept elsewhere in the city made it possible to identify the insurance policies and settlements were promptly made by the insurance companies.

Another case I looked into was that of a fire in Middletown, Connecticut, last February. The fire started in a restaurant on the ground floor. This enterprise was

entirely wiped out and unfortunately did not have enough insurance to enable the owner to reopen. One of the biggest losers, however, was a firm of lawyers having offices on the second floor. Practically all of its case records kept in ordinary files were so charred they were of no value. Another tenant on the second floor, an insurance agency, lost practically all its records.

Once when I worked on the *Chicago Examiner* (now defunct) I covered a fire in the so-called fire-proof office building of the C. B. & Q. Railroad. I recall that the top six floors were gutted. There was nothing like the modern sprinkler system in this building and the records and books were so badly burned that most of them were a total loss.

Another case I remember reading about was that of a department store in Dallas last December. In this case the fire spread so rapidly that even the cash registers in the different divisions of the store were destroyed. All books and records were lost in this case also.

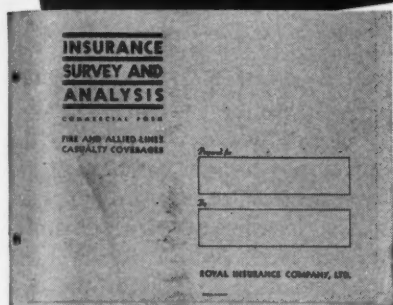
Just how should a merchant or manufacturer go about protecting his records against fire? I think I *could* answer that question. But if I were the merchant or manufacturer questioned, I would reply that the first thing to be done is to call in an expert schooled in such matters. I would ask him to check the fire resistance of the vault in which my records are stored. I would get his opinion on the necessity to provide protection for records in daily use so that if fire should come in a hurry, my books and records would have proper protection even if they were not rushed to the protection of the fire vault.

One of my early city editors tried to drill into me that a news story should not present a conclusion. However, if I had turned out to be a successful merchant or a manufacturer whose vital business records were not properly protected against fire, I am sure now that I would feel very much like the person shown on page 7, who is supposed to be looking out of the window at a fire in the middle of the night. I think my first thought also would be "Will my books and ledgers, records and files be saved?" For it seems to me that the value of records saved

by proper fire protection is incalculable.

I remember reading an article in this magazine last October written by a Chicago manufacturer whose plant was completely destroyed with the exception of one corner of his building in which his office was situated. The Fire Department and Salvage Corps recognized the importance of saving this part of the building if at all possible. All the desks, files and other furnishings were covered with heavy tarpaulins, and extra streams of water were poured on this corner of the building so as to keep back the ravages of the fire. The result was that this manufacturer was able to move into a building across the way and start up business almost at once.

It would be a difficult matter for my city editor to write an article on the value of records after a fire without reaching some sort of a conclusion, so, if this be treason, I hope my former city editor will make the most of it. For no one could make a study of such a subject as protection of business records without reaching a very definite conclusion as to the great need for such precautions in any business enterprise.



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- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

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Successful Failures?—Three of Them

Interesting History of One Business Family

By J. J. McCarthy, Assistant Credit Manager, Hutchinson-Winch
Branch, International Shoe Co., Boston

THE elementary 3 C's of credit—Character—Capacity—Capital—hold just as necessary and vital a part in the vocabulary of the credit men in 1940 as when this famous catch phrase was first originated.

When one of the 3 C's is missing, the evaluation of credit is, naturally, hazardous. However when two, or all three are missing, the results to creditors can better be shown by the following facts taken from our own files.

The name of this highly unsuccessfully family (unsuccessful and greatly unprofitable to many concerns) is Beetle. Naturally, the name is fictitious but it rhymes with the correct name and no doubt, many of the credit men who suffered losses in dealing with this outfit of incompetents, will recognize the correct name.

We first had dealings with this family in 1936 when an order was given our salesman by Joseph Beetle. The account was opened on the basis of a statement as shown below:

Merchandise stock	\$4213.	Accounts payable	\$1023.
Cash on hand	426.		
Cash in bank	400.	Net worth	4741.
Fixtures	600.		
Rent-security			
Edison-deposit	125.		
<hr/>			
\$5764.			

Our investigation at that time disclosed that Joseph was only a front for Harry Beetle, whose affairs became involved in 1929 and whose wife, Jennie, was a voluntary bankrupt in 1931. The background being rather unfavorable, we limited the account to \$200. Joseph proved to be extremely slow pay and in 1937, we turned him down for further credit.

On February 18th, 1938, we again received an order taken by our salesman and we immediately wrote asking for a deposit and permission to ship on C. O. D. terms. No answer was received and we cancelled the order. On March 11th, 1938, we received a notice from the Shoe & Leather Agency that Joseph was reported sold out by judgment—a narrow escape for us!

Our next encounter with the Beetle family occurred in 1939 when an order was received from the Burley Shoe Shop, Inc., (another fictitious name). The members of this corporation were not any of the Beetles but A. Beetle, another son of Harry, was the manager and

occasionally, Joseph Beetle offered his assistance. We refused to extend any credit feeling sure that the connection of any of the Beetles would not enhance the prospects of a successful career for the corporation.

Shortly after that, we made a change in our sales force. The new salesman, covering the same territory, sent in an order in August, 1939, for the Burley Shoe Corporation but, lo and behold! the offices of the corporation were now: A. Beetle and his wife, with the old reliable (?) Harry, the father, as active manager but holding no office in the corporation. Here is a copy of the financial statement sent us through the mail in August, 1939:

Merchandise stock	\$3694.	Accounts payable	\$ 956
Cash	150.		
Fixtures	800.	Net worth	3688.
<hr/>			
\$4644.			

Knowing all that we did, it would have been extreme optimism on our part to even consider granting credit and we turned down the proffered order.

Very soon, the same old trouble occurred (for the creditors of course). In November, we received the familiar pink notices from Dun & Bradstreet and blue notices from the Shoe & Leather Agency, that suits were filed against the Burley Shoe Shop by several creditors. A meeting of creditors was announced and the final sad news was contained in a notice that the assets had been sold at bulk sale with creditors receiving 30% of their claim.

By no means were we through with this amazingly unsuccessful family.

In January of this year, an order was sent in by our salesman for A. Beetle. The usual reports indicated that he was formerly president of the defunct Burley Shoe Shop and had bought the stock at the bulk sale. A financial statement was received showing his affairs as of January 1st, 1940:

Merchandise stock	\$3194	Accounts payable	\$ 625.
Cash	236.		
Fixtures	750.	Net worth	3555.
<hr/>			
\$4180.			

Naturally, we didn't waste any time in refusing a line of credit.

The rather surprising thing in this statement was that

[illegible]

listed as the largest creditor was the local Association of Credit Men for the amount of \$300. It seems that the 30% settlement of the Burley Shoe Shop was not a 30% cash settlement which wouldn't be too bad, as settlements today average, but 15% cash and 15% in notes dated to fall due in February, April and June, and of course, A. Beetle, having bought the stock, was to pay the notes.

Dun & Bradstreet again sent us a notice on February 24th, that the store was closed and a notice of levy and sale was posted on the door. The plaintiff was the local Association of Credit Men and the sale was to satisfy a judgment they had of \$327.

It is evident that Beetle failed to meet the first note maturing in February. There is no information in our files to show how the local Association made out in the sale to satisfy their judgment but there is a strong doubt that they were able to avoid a loss.

Probably the main reason why this family succeeded in sticking their creditors so many times lies in their financial statements.

The figures given were never too good or too bad—they were just good enough to tempt a credit man to gamble with the idea of getting into the account with the hope of getting out before trouble started. The trouble, however, started very rapidly as shown by the fact that only a short time elapsed between the date our financial statements, were received and when the notices of financial difficulties were sent by the mercantile agencies.

It would appear too, that many of the concerns who suffered losses probably shipped their orders on the strength of financial statements similar or identical to those we received, but failed to wait for, or didn't bother to obtain agency information which contained the antecedents of this family.

A rather surprising fact uncovered was that one concern was a creditor in all three of the recent failures while another concern was caught in both the failures of Joseph Beetle and the Burley Shoe Shop.

We may have been rather lucky in escaping the failure of Joseph Beetle but we certainly can take no credit for avoiding losses on the short-lived business careers of the Burley Shoe Shop and A. Beetle.

The facts are all there:

1. Character—Poor-issued false statements—Frequent difficulty with creditors.
2. Capacity—No sign of any in the past 11 years.
3. Capital—Probably none of their own—the creditors furnished most of it in the five failures of this family over an eleven-year period.

Should any of the Credit Fraternity desire the correct name of this highly unsuccessful family, we shall be glad to forward it to them.

A Nebraska physician, an ardent outdoor-life advocate, directed his secretary to affix on the back of all envelopes some wild-life conservation sticker-stamps he had purchased to aid a national conservation movement. One of the longest delinquents wrote the doctor he had ignored recent letters and bills, but the last statement was more than he could swallow . . . "enclosed, please find check." The wild-life stamp on the back of the envelope was a picture of a skunk!—*N. Y. Press.*

What Does the Card Say? Look Up the Credit Record

(Continued from Page 11) particularly, that, no record is made of customers whose payments are received on time, or when the cheque or draft is paid shortly after the regular due date.

If a customer is delinquent, some definite note should be made of their subsequent behavior, and I have found that delayed payments invariably fall under one of these headings. The code number only is entered on the credit sheet. For instance, a customer changes the maturity date of a draft, 30 days hence. The entry would be 7/30. If the extension is granted, enter the code number 6. After a year or so, you have a concise picture of that customer's behaviour, which, if you want to keep away from the stereotyped collection letter, will enable you to make your contact, in an intelligent and interesting manner. Also with this information, at your disposal, you are better able to complete your daily information reports, and co-operate with our association who render us such valuable services.

Record of Group Clearings

The last section No. 17, deals with a record of clearings, showing the amounts owing and past due together with the credit association's code numbers. Such references should be maintained on all accounts, especially those discussed at our group meetings.

Personal contact with our clientele is very desirable and effective but it is not always possible, nor profitable for the credit manager to establish and maintain such a relationship.

To a considerable extent, we are dependent on the co-operation and experience of others.

Some of the items covered may seem relatively unimportant, but the test of good credit manager can usually be measured by the efficiency of the department in his absence.

F. E. Barkley Heads C. M. McClung and Co.

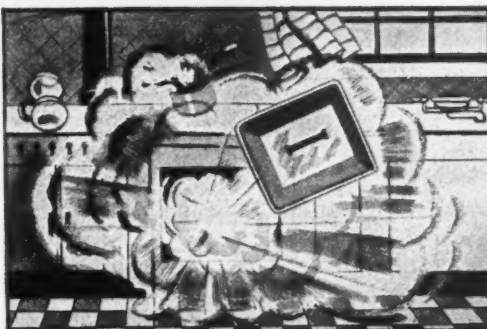
Knoxville—F. Edward Barkley was recently elected President of the C. M. McClung and Company of this city, succeeding the late Walter Bonham. Mr. Barkley, who is a native of Tennessee, has been with his firm for 35 years since he began work there as a bookkeeper, having held the position of Asst. Treas. for many years before becoming Sec. and Treas. of the Company in 1929. In NACM affairs he has been very active, having served as National Director for a three-year term as well as being past President and former Sec. of the Knoxville ACM.

At the same time the Directors named Frank E. Lowe as Chairman of the Board, a position which had been vacant for some years. Bruce Keener, Jr., was reelected Vice Pres. and other officers were elected as follows: *Sec.-Treas.*, W. C. Ross, the position formerly held by Mr. Barkley; *Asst. Sec.*, C. A. Burks; *Asst. Treas.*, B. E. Walker. Directors include Mr. Keener, Mr. Lowe, Mr. Ross and Mr. Barkley, along with Edward J. Gay of New Orleans.

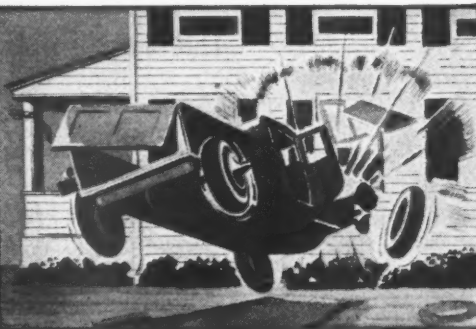


**EXTENDED
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BROADENS
PROTECTION**
provided in the fire policy

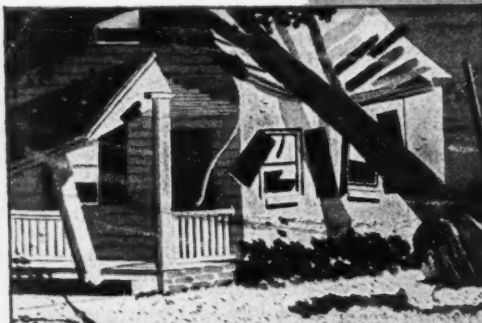
HERE'S how holders of fire policies of THE HOME get protection from loss through *other* perils as well. For a slight additional premium HOME agents have the Extended Coverage Endorsement written on the fire policy to provide more complete coverage.



It covers damage caused by explosion (except steam boilers and machinery).



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Furious gales or other windstorms cause damage that is covered by this form.



Covers smoke damage due to faulty operation of stationary heating apparatus.

**OTHER PERILS
INCLUDED**

Coverages also provided by the Endorsement are:

**HAIL
RIOT
AIRCRAFT
DAMAGE**



Extended Coverage Endorsement is vital for full protection of properties you own or manage, or the property of a borrower who might suffer loss affecting your loan. THE HOME agent in your community will be glad to tell you more about this easily available, low-cost coverage.



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How Conscription Affects Payrolls

Some Questions Asked by Corporation Officials About Status of Draftees

Q A number of N.A.C.M. members are charged with payroll and general office supervision in their respective companies. Several of these have asked for information as to how the selective conscription law will affect employees who happen to be included in the draft; most of the questions relating to the status of pensions, unemployment insurance and re-employment of draftees after they have served their year of military training.

In order to provide general information for our members and to answer most of the questions already presented we present herewith a series of questions with quotations from the Selective Peace Time Conscription Act which give the answers to the questions:

Q. What Does the Law Say About Giving Back Jobs to Employees Who Are in Training Service?

A. Section 8, Paragraph *a, b* and *c*, of the Peace Time Conscription Act reads as follows:

Sec. 8 (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3(b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3(b), each such person shall be given a medical statement showing any injuries, illnesses or disabilities suffered by him during such period of training and service.

(b) In case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for re-employment within forty days after he is relieved from such training and service—

(A) if such position was in the employ of the United States Government, its Territories or pos-

sessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status and pay.

(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) and (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

Q. How About Pension and Insurance Benefits? Are Conscripts Dropped from Such Benefits?

A. Section 8, Paragraphs *d* and *c* answer this question as follows:

(d) Section 3 (c) of the joint resolution entitled "Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service," approved August 27, 1940, is amended to read as follows:

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence (Cont'd on p. 44)

Letters to the Editor

More About Cash Discounts

Dear Editor:

I have read with interest W. H. Conant's article on cash discounts in the September issue of your publication.

While I can vouch for the accuracy of his mathematical gymnastics I must disagree entirely with the conclusion he draws. Since figures can be made to jump through hoops, let us make parallel examples rather than competitive figures.

Following Mr. Conant's line of reasoning, if we were to substitute a salesman's 2% commission for the cash discount payable every ten days, we could only conclude that 72% per annum is an exorbitant commission to pay any salesman, short of Al Capone.

It is safe to assume that the merchant who pays one dollar for an item is unable to profitably resell at \$1.02 and allow a 2% cash discount, disregarding entirely the time element. Therefore, giving the merchant credit for knowing his business ABCs (cost-overhead-profit), we may rest comfortably in the knowledge that he has taken the cash discount into consideration when computing his overhead.

With all due respect to Mr. Conant's acquaintance with merchants who are financially capable of carrying an account for thirty days, I have carefully listed approximately 100 merchants in my acquaintance who are operating to their credit capacity with their bank and are more than anxious to have their trade take advantage of the 2% ten day cash discount in order that they in turn may do the same. On the face, this line of reasoning should fall of its own weight provided cash discounts were discontinued and obliterated from the business dictionary. Let us, therefore, review in reverse the distribution of a commodity.

With credit recognized as the backbone of industry, we can find no fault with the storekeeper who decides to remodel his store and pays the manufacturers a down payment plus a series of promissory notes extending over a period of anywhere from one to three years. The manufacturer in turn finds it necessary to turn the largest portion of these notes over to his suppliers who

(Continued on Page 41)



BEST FOOT *foremost*

Almost instinctively, a customer puts his best foot foremost when seeking credit. Often, it is impossible to catch sight of the "rundown heel" or the dangerously "thin sole" which is kept in the background.

Obviously, most credit losses are due to weaknesses undetectable through ratings, statements, appraisals, Interchange Reports, or any other tools of the modern Credit Executive.

American Credit Insurance

protects Manufacturers and Jobbers on these unpredictable credit losses, without disturbing the usual course of credit extension in the least.

"American" reimburses policyholders on insolvencies with no further formality than proving one's claim. American Credit Insurance also liquidates delinquencies and thus keeps capital turning. Investigate this economical protection. Protect your receivables at a cost of a fraction of a cent per dollar of sales.

American Credit Indemnity Co. of New York

J.F. McFadden, President • First National Bank Building, Baltimore

Offices in all principal cities of United States and Canada

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When writing to advertisers please mention Credit & Financial Management

INSURANCE

A Bulwark of Credit

• • This page, which is donated by one of its members, is used monthly by the Insurance Group of the National Association of Credit Men to foster a better understanding of insurance as an indirect guarantor of credit.

THE PROGRAM

1. To encourage a wider understanding among credit executives of insurance as a protector of sound credit.
2. To keep credit executives informed of the wide variety of insurance coverages which are available.
3. To promote the use of the official N.A.C.M. insurance statement form as a supplement to the financial statement.

Available Coverages

The following list is selective, because of space limitations.

Accounts Receivable
Aircraft
Crash
Fire
Land Damage
Mooring
Theft
Windstorm
Aircraft & Motor Vehicle P.D.
Automobile
Comprehensive
Fire
Theft
Flood
Public Liability
Tornado
Earthquake
Explosion
Riot
Aircraft Property Damage
Glass Breakage
Collision
Property Damage
Non-Ownership
Drive Other Cars
Hired Cars
Loss of Use
Bailees Customers Floater
Bridge Insurance
Builders Risk

Camera Floater
Consequential Damage
Contingent Liability—R.R. Sidetrack
or Switch Lease
Demolition
Department Store Floater
Disability Insurance
Individual
Group
Dyers & Cleaners Floater
Earthquake
Electric Sign
Engagement Ring Floater
Equipment Floaters
Errors & Omissions
Exhibition Floater
Explosion
Extended Coverage
Tornado
Hail
Riot
Explosion
Smoke Damage
Aircraft & Motor Vehicle P.D.
Extra Expense
Fallen Building
Fire
Fine Arts Floater
Flood
Frost

Fur Floater
Furriers Customers
Garage Keepers Liability
Garment Contractors Floater
General Floater
Gold & Silverware Floater
Golf Floater
Gross Receipts Truckmen's Floater
Gun Floater
Hail Insurance
Horse & Wagon Floater
Installation Floater
Installment Sales Floater
Jewelers Block
Jewelry—Fur Floater
Laundry Floater
Leasehold
Life Insurance
Individual
Key Man (in a business)
Group (including disability)
Live Stock Floater
Malicious Mischief—Vandalism
Manufacturers Output Floater
Marine
Hull (various forms)
Cargo (various forms)
Mortgage Interest
Morticians Equipment Floater
Motor Truck Cargo
Motor Truck Merchandise Floater
Motor Vehicle Property Damage
Musical Instrument Floater
Paraphernalia Floater
Parcel Post Floater

Patterns & Die Floater
Personal Effects Floater
Physicians & Surgeons Floater
Profits & Commissions
Public Liability
Radium Floater
Rain
Registered Mail
Rent—Rental Value
Riot & Civil Commotion
Safe Deposit Box
Salesmen Sample Floater
Scheduled Property Floater
Scientific Instrument Floater
Smoke Damage
Sprinkler Leakage
Sprinkler Leakage—Legal Liability
Stamp Collectors Floater
Stock Floaters
Stock—Reporting
Surety Bonds
(numerous forms of bonds)
Theatrical Floater
Tornado
Tourist Baggage Floater
Transportation Floater
Trees, Shrubbery—Lawn Improvements
Trip Transit Floater
Tuition Fees
Unearned Premium
Use & Occupancy (various forms)
War Risk
Water Damage
Wedding Presents Floater
Windstorm

Approved by National Association of Credit Men

INSURANCE STATEMENT

IMPORTANT The insurance you carry has a direct and extremely important bearing on your financial standing. Excellent firms with normally adequate capital resources have had their financial standing seriously impaired or become actually insolvent because they were inadequately insured.

Please give below details of the insurance you carry. This should be useful to you not only because it will help your credit standing but also because it will enable you to review your insurance problem. Your insurance adviser can supply details of most of the information required.

The forms of insurance listed represent those most commonly in force in the average commercial business. It should be clearly and definitely understood, however, that the mere fact of your carrying all these forms does not in itself prove that you are adequately insured. You may need additional forms, or fewer, depending largely on the particular nature of your business. These are points on which you should consult your insurance adviser.

	BUILDINGS	COINS %	MACHINERY & FURN. & FIXT.	COINS %	MERCHANDISE	COINS %	USE & OCCUPANCY	COINS %
Fire	\$		\$		\$		\$	
Windstorm								
Explosion								
Riot								
Sprinkler Leakage								

If your insurance is the "Blanket" type, show total amount followed by the word "Blanket" in the "Buildings" column.

Steam Boiler —	Property Damage	\$		Steam Boiler —	Use & Occupancy	\$	
Machinery Breakdown —	" "			Machinery Breakdown —	" "		
Transportation —	Domestic Shipments			Transportation —	Ocean Shipments		
Interior Robbery				Payroll Robbery			
Safe Burglary				Stock Burglary			
Fidelity Bonds				Check Forgery			
Public Liability on Premises				Employers' Liability			
Elevator Public Liability				Products Public Liability			
Auto Public Liability (owned cars)				Auto Public Liability (non-owned cars)			
Auto Property Damage (owned cars)				Auto Property Damage (non-owned cars)			
Workmen's Compensation — Are all your employees included?	Yes	No		Life Insurance (Payable to business)			
If you hold property of others is your liability insured?	Yes	No		Does your Public Liability insurance cover construction work done on your premises?		Yes	No
If you have assumed liability of others under any contract such as lease, has your Public Liability policy been extended to cover it?	Yes	No		Have you made sure that all policies covering the same property or liability read alike?		Yes	No

If you carry any other insurance list details below.

\$		\$

Issued to _____ Issued by _____
Address _____ Address _____
Date _____ By _____ (Date)

INSURANCE STATEMENT FORM

N.A.C.M. approved form. Procurable from the National Association of Credit Men, New York.

NATIONAL ASSOCIATION OF CREDIT MEN



False financial statement leads to the workhouse

The false financial statement—that oft used instrument for defrauding creditors—leads a hearty existence. Considering the frequency with which it boomerangs, it might be expected that some other means would be attempted. But when it comes to taking a chance on defrauding creditors there are still a certain number of individuals who prefer the more or less traditional attempt. One of these, for example, was Louis Klein, President of Campus Modes, Inc., of 1400 Broadway, New York.

In October, 1938, he issued a statement to the trade in which he set forth a net worth of \$22,844.75. The over-statement in the net worth amounted to exactly \$18,835.16. In other words, 80 per cent of the claimed net worth just wasn't in existence at the time of the statement's issuance.

The facts as to this inflated net worth were uncovered by the operatives of the N. A. C. M. Fraud Prevention Department and brought to the attention of the office of New York's District Attorney, Thomas E. Dewey. Through the able efforts of Mr. Dewey's assistant, Harold Sussman, the case was carried along to the point where Klein entered a plea of guilty in the Court of Special Sessions on May 15th of this year to a charge of having violated Section 1293-B of the Penal Laws of the State of New York.

Klein's plea for clemency was in vain and on June 11th he was sentenced to a term of imprisonment in the workhouse.

This brings the total of Fraud Prevention Department convictions to 1672 since the department was organized in 1925. Recoveries for creditors during that period have amounted to an estimated \$2,000,000.

NACM criticizes profits tax bill at Senate hearing as source of inequities

The September issue of CREDIT AND FINANCIAL MANAGEMENT carried the statement of the Association's Committee on Taxation concerning the report of the House Subcommittee on excess profits tax and special amortiza-

tion legislation, which the Association presented to the Joint Committee of Congress which was considering that report.

Subsequently, the excess profits tax and special amortization bill was introduced and the Senate Finance Committee announced that it would hold three days of public hearings on the proposed bill which had been passed, after a few hours consideration, by the House of Representatives.

The bill, as passed by the House, followed the general lines of the Subcommittee report but contained changes, some of which were even less acceptable from the standpoint of the National Association of Credit Men than the proposals in the sub-committee report. Accordingly, the Association requested and was granted permission to testify on the bill during the hearings of the Senate Finance Committee.

That testimony was presented at the Committee hearings on September 3rd by Andrew B. Trudgian, of S. D. Leidesdorf & Company, New York, a member of the Association's Committee on Taxation. In addition to many of the statements which had been made in the report submitted to the Joint Committee, the statement presented to the Senate Committee contained additional criticism and recommendations based on the bill as it was passed by the House and presented to the Senate.

A careful study had been made of the proposed legislation and Mr. Trudgian's statement was directed to specific parts of the bill which were regarded as particularly detrimental to credit conditions. The written statement was supplemented by verbal testimony of Mr. Trudgian who described to the Senate Committee the results which he had obtained by applying the excess profits tax provisions of the pending bill to actual corporations whose current income figures were available to him.

Both in Mr. Trudgian's verbal testimony and in the written statement the excess profits tax bill was characterized as exceedingly difficult to understand, highly involved, difficult of administration and likely to create serious inequities. It was urged that the whole matter should receive more careful study but, if that was impossible, certain changes should be made to remove some of its major faults.

NACM Credit Methods and Practices Committee continuing activities

The organization of the National Credit Methods and Practices Committee, which, under authority of the Board of Directors of the NACM, is expected to interest itself in all problems relating to the exchange of ledger experience information between creditors, has been completed and its yearly activities are well under way.

The first meeting of the Committee was held in Chicago on Sept. 25-26. Later announcements as to the complete program of activities will appear in future issues of CREDIT AND FINANCIAL MANAGEMENT, together with suggestions and recommendations adopted by the Committee for greater simplification, convenience and

Debt moratorium under national conscription plan proposed

All NACM members should follow carefully the action of Congress on a bill proposed in the House of Representatives (H. R. 10338) by Representative May, Chairman of the Committee on Military Affairs. The bill proposes to suspend the enforcement of certain civil liabilities of persons serving in the Military, Naval and Coast Guard forces of the country.

During preliminary consideration of the Conscription Bill in the Senate an amendment to the bill was proposed which would have suspended the operation of certain laws pertaining to the payment of debt and similar matters, in connection with persons called to active service under the conscription measure. It was later decided, however, that the Conscription Bill should be considered separately from the so-called "debt moratorium" proposals. Subsequently, Representative May introduced the above mentioned bill and a companion bill was introduced in the Senate.

Space does not permit a complete description of the pending legislation. Among its most important provisions is one providing that, in any action or proceeding commenced in any court, if there shall be a default of any appearance by the defendant, the plaintiff shall file an affidavit showing that the defendant is not in military service. If no such affidavit is filed no judgment would be entered without first securing an order from the court directing such entry.

Another provision states that any judgment rendered against any person in military service during the period of such service or within thirty days thereafter may, if the defendant was prevented by his military service from making defense, be opened by the court not later than ninety days after the termination of the defense period of military service.

The bill further provides that at any stage of any action or proceeding in any court in which a person in military service is involved during the period of such service or within sixty days thereafter, the court may stay such action or proceeding unless the court believes that the ability of the plaintiff to prosecute the action or the defendant to conduct his defense is not materially affected by reason of his military service.

Other provisions of the bill provide relief in connection with the performance of contracts, payment of rent and payments on installment contracts and mortgages. It is not possible to forecast the action which Congress may take on this proposed legislation but there appears to be considerable sentiment in Congress in favor of it.

Government purchasing under the national defense program

Although the government's defense program has been under way for some time, there still exists a considerable amount of confusion and misunderstanding among business firms regarding the operation of the program and particularly the manner in which defense contracts are being awarded. In the hope of clarifying the situation somewhat for the benefit of members of the Association, the Association's Washington Representative has obtained the following statement from the Assistant to the Co-

ordinator of National Defense Purchases, National Defense Commission. The statement covers some of the important points about which there has been misunderstanding, including the question of "split" bids:

"The government will conduct the procurement of defense material through the regularly-established channels of the Army and the Navy as represented by the various procurement divisions and units of these two services.

"Both the Army and Navy will continue to pursue the policy of advertising for material required for defense purposes and contracts will be awarded to the lowest bidders. Deviations from this policy will be permitted only when there is an inadequate supply, when dislocation of labor will result, when new plants or facilities must be provided, or when other unusual situations arise.

"In the existing emergency, however, the activities of the Army and Navy procurement divisions will be supplemented by the National Defense Council whose function it is to give advice and assistance in specific situations to the procurement officers of the two services. Mr. Stettinius and his organization give advice and assistance in the matter of the procurement of raw materials and Mr. Knudsen and his organization give similar advice and assistance in the matter of the procurement of manufactured products.

"Mr. Donald M. Nelson has been designated as Coordinator of National Defense Purchases, and he and his staff will function with respect to the matters specifically designated in the administrative order creating the position—such matters including priorities, specifications, amortization of facilities, public relations, etc.

"There is certainly no intent nor is it the practice of the procurement divisions of the two services to centralize purchases on the seaboard to the prejudice of manufacturing units located in the interior. The fact is that just the opposite is desired and purchases will be made at interior points whenever it is practical and possible to do so and at the same time secure promptness of delivery, satisfactory quality, and equally as low prices.

"Many inquiries are being received, in all branches of the government, from manufacturers patriotically desirous of participating in the Defense Program and we are replying, and suggesting that others reply, to these inquiries by advising such manufacturers to get in touch immediately with the government procurement unit nearest to them. The Department of Commerce has just issued a pamphlet showing maps and lists of these units. In the relatively few cases where the inquiring manufacturer cannot obtain complete and satisfactory information from the local procurement units, we are recommending that Mr. Donald M. Nelson's office be advised, with full details.

"Manufacturers have been advised that it is not necessary for them to employ special representatives in Washington on a fee-and-percentage basis in order to secure government contracts. Many such representatives have been circularizing the manufacturers of the country in an effort to develop this type of representation.

"The second paragraph above states that the Army and Navy 'will continue to pursue the policy of advertising for material required for defense purposes and contracts will be awarded to the lowest bidders'. This policy was pursued up to the middle of August in spite of

economy in the maintenance of the exchange, particularly with respect to the further elimination of confusion existing between Credit Interchange, Credit Group and Direct Inquiries.

The purpose of the Committee is to maintain all of these activities as essential to satisfactory credit handling on a basis where the particular advantages of each may be preserved without creating conflict and difficulty for the others.

The personnel of the Committee for the present year is as follows: *Chairman*—R. C. Flom, The Menasha Products Co., Menasha, Wisc.; W. A. Bruckheiser, Thomas M. Royal & Co., Philadelphia, Pa.; Edward DeGroot, Grand Rapids ACM; O. S. Dietz, General Electric Supply Corp., St. Louis, Mo.; F. H. Eichler, Federated Metals Division, American Smelting & Refining Co., San Francisco, Calif.; B. F. Fox, Lamont, Corliss & Co., New York; J. G. Holland, Moore-Handley Hdwe Co., Birmingham, Ala.; C. P. King, Seattle ACM; L. E. Schroeder, Geo. E. Watson Co., Chicago, Ill.; Hugh Wells, Cleveland ACM.

Right to suspend Miller Act on certain defense contracts granted by Congress

In a recent Naval Appropriation Bill Congress granted to the Secretary of the Navy the right to suspend, on defense contracts awarded on a cost-plus-fixed-fee basis, the requirement of the Miller Act that contractors on federal construction and maintenance projects provide a performance bond and a payment bond, the latter affording protection to firms supplying materials to such contractors. An amendment of the Deficiency Appropriation Bill, granting a similar right to the Secretary of War, has also been passed.

The National Association of Credit Men has vigorously protested against any action on the part of Congress or an administrative official of the government which would suspend the protection which the Miller Act affords to suppliers of materials to contractors with the government. That protest was expressed to members of Congress and to Donald M. Nelson who is in charge of procurement matters for the National Defense Commission. The Association pointed out that any suspension of the Miller Act might well be detrimental to material suppliers as well as to the government itself.

Apparently, however, the desire of the War and Navy Departments to have the right to suspend the operation of the Miller Act was given more weight by Congress. In fact, a number of Senators and Representatives to whom the Association's Washington representative had written regarding this matter, indicated in their replies that they agreed with the Association's views but that the dominant thought of the Conference Committee inclined toward the recommendation of the Army and Navy Departments.

It must be emphasized, however, that the right to suspend the operation of the Miller Act has been granted only in connection with defense contracts which are awarded on a cost-plus-fixed-fee basis. It was explained by representatives of both the War and Navy Departments that payments which will be made under such contracts will be carefully scheduled and will take into

consideration the contractor's payments of his material and labor accounts.

The War and Navy Departments apparently feel that this close control over disbursements, in connection with cost-plus-fixed-fee contracts, will require the contractor to keep in a current position on his material accounts and will thus make unnecessary the requirement of a payment bond.

If the departments concerned disburse only upon evidence that a contractor has paid his material accounts then, obviously, a measure of protection will be afforded to material suppliers. If, however, disbursements are made without regard to the status of the contractor's payments to material suppliers the absence of the payment bond may work a substantial hardship on the contractor's creditors.

So far as is now known, there is no consideration of waiving the requirements of the Miller Act in connection with contracts awarded in an open-bidding basis. If that should be contemplated, the protection of the Miller Act would be virtually removed from all types of contracts awarded under the defense program and the interests of material suppliers would be materially jeopardized.

It is, of course, impossible to foresee the extent to which the Secretary of War and the Secretary of the Navy may exercise the right to suspend the operation of the Miller Act. Both officials have received the views of the Association concerning this matter and have been urged to exercise that right only in cases of absolute necessity.

This is a situation which is of great importance to many of our members and all firms which may be interested in furnishing material to contractors on defense contracts should ascertain whether or not they are protected, in connection with such transactions, by the Miller Act.

It is assumed that the action of Congress in permitting the suspension of the Miller Act in connection with certain types of defense contracts is only a temporary measure. It is highly important that the Association and all of its members in the building supply trades should do everything within their power to make certain that the suspension is only of a temporary character and that the full protection of the Miller Act will be restored when the emergency is over.

Foreign credit executives active in conferences

Attendance and participation by mail in the monthly Round Table Conferences on foreign credit, collection and exchange problems, conducted over the past seven years by the N. A. C. M. Foreign Credit Interchange Bureau, has grown considerably in the past year due to the host of perplexing problems brought about by the War. N. A. C. M. members in the vicinity of New York City are invited to personally attend these monthly sessions. Those located elsewhere may participate by mail by submitting their questions or problems to the Bureau for inclusion in the agenda of the next meeting. The Bureau also proffers its assistance to all members who are engaged in foreign trade or who contemplate getting into the export field. Communications addressed to the Bureau, One Park Avenue, New York City, will be promptly answered.

the fact that legislative action was taken in late June and early July (H. R. 9822 and 9850) authorizing the Secretaries of War and Navy to contract by negotiation without advertising—such authorization for the Navy Department being limited to 'complete Naval vessels or aircraft', whereas it is unlimited for the Army.

"Under date of August 14, 1940, the Quartermaster General of the Army made a change in the procurement policy of the Army by issuing an order authorizing the acceptance of bids F. O. B. factory or plant and allowing split bidding—thus modifying the policy of advertising and awarding to the lowest bidder. This order of course was limited to the Quartermaster Corps.

"It is believed that further modification of the procurement policy may be made at a later date in order to effect a broader geographical distribution of contracts, improve the unemployment conditions, and avoid unnecessary or undesirable dislocations of labor."

It is suggested that the last two paragraphs of the above statement be carefully noted. They indicate that one of the major purchasing agencies under the defense program has adopted the policy of allowing split bidding and granting split awards. One consequence of that policy is that small companies which might not have been able to bid for an entire contract may be able to submit bids for a portion of that contract.

Association members are reminded that the NACM Washington office, Bowen Bldg., 815-15th St. N. W., Washington, D. C. will be glad to supply further information to members interested in various aspects of the defense program.

Food stamps accepted as payment by wholesalers

Because of the numerous inquiries received by the NACM Washington Office from members desiring to learn whether they should accept food stamps as payment on accounts owed to them by their retail customers, the Washington office obtained information concerning this subject from the Federal Surplus Commodities Corporation which is operating the Food Stamp Plan.

An official of the F. S. C. C. stated that, as of August 26, the Food Stamp Plan was operating in 123 areas and was to be put in operation in 26 more areas in the very near future. It was stated that approximately 60% of the stamps which are being received from persons on relief who are eligible to receive stamps under the Plan are being redeemed through banks and wholesalers. The banks, it was said, accept the stamps from the retailer either for collection or deposit, while wholesalers take them as payment on accounts owed by retail customers.

A retailer pastes the stamps on forms provided for that purpose which hold \$10.00 worth of the stamps. The retailer may then either present the stamps to the nearest office of the F. S. C. C. or submit them to his bank or to a wholesaler in payment of a trade indebtedness. The recipient of the stamps presents them to the local office operating the Food Stamp Plan and prompt payment is made.

The official of the F. S. C. C. stated that banks and wholesalers who redeem their stamps for retailers do so without charge and any proposal to charge for this service is discouraged by the F. S. C. C.

In numbers, strength!

Do you recall the most recent occasion when you were in a strange town at mealtime? Undoubtedly you took a turn around the "main stem" and looked over the various eating places. Then, it's a ten-to-one shot that you chose the restaurant in which you saw *the largest number of your kind of people*—and enjoyed a meal as good as any you've had.

For it's still true that you can't fool all the people all the time—and that *satisfied customers are the best sales force of any business organization.*

So it is with our own National Association of Credit Men. The reasons for its growth are best understood when we learn that, through its cooperative non-profit activities, it has provided for credit executives exactly the kind of opportunities and services which they have declared themselves in favor of having.

No professional salesmanship equals the value and influence of the word-of-mouth appreciation which NACM members have passed along to others in their field who, at the time, were not affiliated with the organization.

Instead of "Ask the man who owns one," their slogan has been: "Tell the man who doesn't own one."

In this way the vast group of nearly 20,000 credit executives have come to own membership in their professional organization—the organization that was built by credit executives for credit executives.

Essentially man is selfish. That is not a vice when it is *enlightened selfishness*. The NACM members who by word-of-mouth pass on the good word, thereby educate the uninformed and do mighty well by themselves, too.

Specifically, they know that if the NACM membership is doubled, they will have that many more minds from which to obtain facts and ideas to use in their own managerial work; twice the number of comments on Credit Interchange reports; invariable control, with their friends, of efficient and economical processes of liquidation.

They will, with their associates, more than double their present influence for better government and adequate law. They will increase the field from which business will choose its future credit executives by an advanced program of study and education. They will become such a deterrent factor to fraudulent business practices as to render them almost nil. And, above all, they will have, through the frequent social contacts in Association affairs, made for themselves an increasing host of friends with whom to live and work.

Truly, the numerical strength of our NACM is its yardstick of progress. Help it to progress further. Bring a new member into the fold—now—and thus bring nearer the goal of an even greater organization devoted to the advancement of credit management and the credit executive.

Washington Service Bureau and Assn. offices have new address

The address of the NACM Washington office and the Washington Assn. of Credit Men has been changed, the new address being:

Bowen Building
815 — 15th Street, N. W.
Washington, D. C.

NEWS ABOUT CREDIT MATTERS

A section devoted to local
Credit Association affairs

October, 1940

Copy deadline
15th of month

Wisconsin "C" men to meet in Milwaukee, Oct. 26

Milwaukee—The annual Wisconsin State Conference of Credit Executives will be sponsored this year by the Milwaukee ACM, sessions being held all day Saturday, Oct. 26, at the Hotel Schroeder in this city. Delegates from the Milwaukee, Green Bay and Oshkosh Associations of Credit Men are expected to be in attendance, as well as retail credit executives affiliated with the Milwaukee Association of Commerce. NACM Exec. Mgr. Henry H. Heimann will make the feature address at the banquet session on Saturday evening.

Jackson plans for Michigan conference

Jackson—Plans are now being completed by the special committees of the Jackson ACM, which on Friday, Oct. 25, at the Hotel Hayes in this city, will play host to the 14th annual Michigan Credit Conference at which delegates and members of the local Credit Associations in this state will participate.

Among those already announced as being on the Speakers' Program are: Noble Travis of the Detroit Trust Co., who will speak to the afternoon session on "Effect of Taxation on Future Generations"; Mrs. Caroline Judkins-Longyear of Lansing, who will talk to the luncheon session on "Germany: a New Sparta"; and Henry H. Heimann, Exec. Mgr. of the NACM, who will address the delegates on Friday evening.

The arrangements for this conference, the first state parley to be held here since 1929, are in charge of the following: *General Chairman*—W. K. Bunting, Counselor; *Associate Chairmen*—R. K. VanHorn, Vice President, and E. P. Grossman, Director; *Publicity*—L. H. Aubry; *Finance*—B. A. Bettendorf; *Banquet Tickets*—C. H. Sells; *"Greeter-in-Chief"*—G. M. Cowden.

Heimann addresses ice cream manufacturers

Atlantic City—The Seventh Annual Convention, National Association of Retail Ice Cream Manufacturers, to be held here, will hear a feature address by Henry H. Heimann at the Wednesday afternoon, Oct. 23, session in the Hotel Madison. Mr. Heimann's subject before the convention will be "Freedom of the 'C's.'"

Past Pres. and Mrs. Whitlock to have golden anniversary

New York—In recognition of their Golden Wedding Anniversary on Oct. 15, Exec. Mgr. Henry H. Heimann has issued an invitation to Mr. & Mrs. Silas Whitlock of Huron, O. to attend the meeting of the Association's National Board of Directors in New York when it is held Oct. 16-19. Mr. Whitlock is a past Pres. of the NACM, having held the Presidency during the 1917-18 term.

Refiners to hold 3-day conference in Tulsa

The Petroleum Refiners Division of the NACM has scheduled its annual fall Conference for this city on Oct. 28-29-30. The meeting is scheduled for Tulsa this year in order that the National group might meet jointly with the Southwest Petroleum Credit Group which has a very large and active membership throughout the State of Texas and the surrounding area.

Plans for the meeting are under the direction of H. E. Butcher, Chairman, and the Board of Governors, of the Petroleum Refiners Division, with a Committee headed by M. C. Roberts of Tulsa ably assisting them in working out a program and general arrangements which assure an unusually interesting and profitable meeting.

Pres. Redmond speaks to N. Y. educational groups

New York—NACM Pres. John L. Redmond of Crompton-Richmond Co. was the guest speaker at the 22nd annual rally meeting of the New York Chapter, National Institute of Credit in the Hotel Pennsylvania on Sept. 9. Following Mr. Redmond's message an outline of the courses for the current year was presented by John B. Schoenfeld of H. A. Caesar & Co., Vice Pres. and Educational Chairman of the group.

J. B. Kerrigan, past Kansas City Pres., heads A. L. post

Kansas City—J. B. Kerrigan, H. T. Poindexter & Sons Mds. Co. of this city, and past President of the Kansas City ACM, has been elected Commander of the Comboy Post of the American Legion in Kansas City.

Tri-State parley in N. Y., Oct. 18-19, will analyze C-man's role

New York—For the first time since 1935, New York's credit men will be host to the Tri-State Credit Conference which will be held here Oct. 18-19 at the Hotel Commodore. Delegates from New York, New Jersey and Eastern Pennsylvania Credit Associations will be in attendance. The theme of this 26th conference is "The Credit Man's Place in a Changing World."

Among the subjects to be discussed during the two-day sessions are tax problems, bankruptcy and adjustment matters, etc. Credit group meetings will be staged on Friday afternoon at which analyses of problems in particular fields will be undertaken.

Besides the business sessions the Conference will hold a reception on Thursday night staged by the New York Association in the Hotel Commodore for out-of-town delegates, who are urged to arrive the night before the Conference. A luncheon session will be held Friday noon and a banquet following the close of the Friday afternoon program.

Credit women activities will be an important part of the Conference schedule, with a Credit Women's luncheon listed for Saturday noon, besides a program for special entertainment for the visiting ladies, arranged by Chairman Pearl Rose Knoll and the members of the New York CWG. The various conference committees also point to the fact that the New York World's Fair will still be open during this period, providing a last chance to see the Fair before it closes on Oct. 27.

Change of address for NACM Washington offices

The address of the Washington office of the National Association of Credit Men has been changed, the new address being:

Bowen Building
815—15th Street, N. W.
Washington, D. C.

This covers the Washington Service Bureau and the National Legislative Committee headquarters, both of which are directed by Charles F. Baldwin. It also concerns the Washington Association of Credit Men which likewise will be located at the new address.

ganization. This particular subject is going to be elaborated upon in another issue but it was so important that I thought I would briefly say something about it now. It is impossible, in my estimation, to find a better and finer group of fellows with whom to make friends than in your own Zebra organization. They are all hard workers, they all like to have a good time, they are all good fellows, and what more could a person ask for in the matter of obtaining those lasting friendships?

See you in this column next month.

Zebraically yours,

Herb Kelley,

Grand Exalted Superzeb.

Los Angeles:

Herd No. 1 installed officers for the year 1940-41 at a dinner meeting on Sept. 9 when retiring Exalted SuperZeb Bob Harrell passed the gavel on to Don Duke. Other officers are: *Most Noble Ass of Asses*, Jim Buehner; *Royal Jackass*, W. T. Barr; *Three Horse Power Burro*, Lester Fishbeck; *Keeper of the Zoo*, Floyd Asper.

At the regular monthly meeting of the Association on Sept. 13, the Directors of LACMA presented the Herd with an American Flag in recognition of the splendid work they have done in the past year. Henry H. Heimann, NACM Exec. Mgr., was the speaker of the day.

Position Wanted

Executive, age 40, having unique combination of successful law practice; outstanding record as credit manager, handling mercantile credits and collections; and able teacher of credits in recognized school of business administration. Desires position as credit manager with industrial company. Competent to organize effective credit control system and administer department. Box 101, CREDIT AND FINANCIAL MANAGEMENT, One Park Ave., New York.

Credit and Collection Executive—Presently employed, desires middle west or eastern connection. Capable of handling volume business under modern, successful operation control. Married, age 40. Law and Accounting graduate. Admitted to Bar. For further information address Box 102, CREDIT AND FINANCIAL MANAGEMENT, One Park Ave., New York.

Credit and Office Manager, Accountant. Experienced accountant, capable of managing office efficiently and economically seeks position. Age 37, married, now living in New York City. Experience covers all office positions including sales. Moderate salary. Address Box 103, CREDIT AND FINANCIAL MANAGEMENT, One Park Ave., New York.

Executive—Background of many years of successful experience in the manufacturing, wholesale and retail fields. Thorough knowledge of cost accounting in wood and metal plants. Well acquainted with installment and budget accounting. Was comptroller, office and credit manager for a large piano, furniture and metal parts concern for 20 years. Five

years private practice of accounting, tax and system installation. Age 42. College education. Moderate salary—opportunity. Write Box 104, CREDIT AND FINANCIAL MANAGEMENT, One Park Ave., New York.

Credit Career

John L. Redmond

New York—John L. Redmond, who was elected President of the National Association of Credit Men at Toronto, Canada, on May 23, 1940, is a "one-job" man. He joined Crompton-Richmond Co., Inc., New York, Factors and Textile Commission Merchants, in 1907 as office boy and has attained the position of Vice President of that firm. He has likewise ascended in the ranks of the Credit Fraternity. Following service on prosecution, adjustment and legislative committees of the New York Credit Men's Association, he was elected President of that Association in 1937 and 1938. On the occasion of his retirement from that office he continued to serve as a Director.



Upon his retirement from the New York Association presidency, Mr. Redmond was presented with a resolution unanimously adopted by its Board of Directors in which it was pointed out that "he has carried the heavy responsibility of his high office, preferring his duties as President to his own business and personal problems. His administration has been one of high achievement. New legislation vital to credit has been placed upon the statute books; laws of proven worth have been preserved. The internal organization of the New York Credit Men's Association has been strengthened; its financial position has shown steady improvement; its membership has increased — accomplishments achieved in a period of bitter industrial uncertainty."

In 1938 he was Chairman of the National Legislative Committee and in 1939 Chairman of the Committee on Taxation of the National Association. At the 1939 NACM Credit Congress in Grand Rapids, he was elected Vice President representing the Eastern Division.

Mr. Redmond has been accorded many signal honors. In June, 1939, St. Joseph's University conferred a B.C.S. degree upon him in recognition of his work in credits. In 1926 he was a member of the conference for revision of the bankruptcy rules of the U. S. Supreme Court.

Obituary

W. F. Lyon

Cleveland—A charter member and active supporter of the Cleveland ACM was lost

in the passing of W. F. Lyon, head of the Kay Machinery Co., manufacturers of ice cream cutting machinery. Age 72, he had been at his office in apparent good health when he died. A native of Meadville, Pa., he came to Cleveland in 1892 as a youth of 17. He helped organize the local Association while connected with the Cady-Iverson Shoe Co., and served as Association President for the 1902-03 term. He organized the Kay Machinery Co. 15 years ago. Mr. Lyon was also organizer of the Catholic Charities Corp. in 1920, as well as a founder of Our Lady of Peace Parish and a member of St. Ann's Catholic Church. He is survived by his widow, two daughters, a son, two brothers and three sisters.

George C. Craft

Brooklyn, N. Y.—George C. Craft, who for a number of years was engaged as an investigator for the NACM Fraud Prevention Department, and who at one time was in charge of the Northern New York Division for that branch of the organization, passed away on the morning of Aug. 15 after a lengthy illness. Surviving Mr. Craft are two daughters, Gertrude E. and Ellen, and a son, Henry.

During Mr. Craft's employment with the Fraud Prevention Dept. he was responsible for the conviction and imprisonment of a large number of persons in the Northern New York District who had violated the laws covering commercial fraud. During the World War Mr. Craft served as a Lieut. in the Army Intelligence, and was very successful in handling investigations of persons suspected of aiding the enemy.

Creducation

Chicago—A series of practical, informal lectures has been sponsored by the Credit Women's Club in connection with the N. I. C. Chapter. The lecture subjects are as follows: 1. Credit Women's Opportunities; 2. Where to Get Credit Information; 3. How to Use Credit Tools; 4. The Debtor, The Creditor, and the Law. 5. Opinions vs. Facts; 6. How to Use Credit Information; 7. The Mechanism of the Credit Department; 8. Collection by Correspondence; 9. Personal Collections; 10. The Credit Woman and Her Firm.

Detroit—Mr. Jack G. Waltz, Secy. of the Chapter, reports that a highly successful "get acquainted" dinner party was held at The Old Madrid on September 12 to launch their program for the coming year.

Houston—A new Chapter has been launched and the formal educational program is to be conducted in cooperation with the South Texas School of Commerce (Y. M. C. A.). W. L. Tandy, Asst. Cashier and Credit Mgr. of the Natl. Bank of Commerce, has been engaged as faculty instructor for the credit courses. The organization work has been under the direction of J. M. Gray, McCullough Tool Co., Chairman of the Ed. Com.

Indianapolis—The following officers have been elected for the coming year:

Western managers hold parley in San Diego

San Diego—The annual meeting of Secretary-Managers of the NACM, Western Division, was held here Sept. 9-12, with Exec. Mgr. Henry H. Heimann in attendance. Mr. Heimann was the speaker at the Sept. 12 luncheon meeting sponsored jointly by the local Association and the San Diego Rotary Club.

Following the San Diego appearance, Mr. Heimann also addressed local Association meetings at Los Angeles, San Francisco, Oakland, Fresno and Sacramento.

O'Keefe is given big testimonial dinner

Chicago—A testimonial dinner in honor of J. F. O'Keefe, who retired recently after being Secretary-Manager for many years of the Chicago ACM, was staged on Monday, Sept. 16, at the Chicago Towers Club by "The Committee of One Hundred" of which Wm. J. Claussen was Chairman, former NACM Director Leo E. Schroeder, Treas., and Allen W. Selby, Sec. A special gift was presented to Mr. O'Keefe in appreciation of his past services.

Wendering writes on credit-sales teamwork

Oakland—The August 15th issue of "Sales Managers' Digest" carries an article on "The Credit and Sales Team" by Arthur Wendering, Credit Manager, Berkeley Daily Gazette Publishing Company, and Director of the Wholesalers' Credit Association of Oakland. The various phases of the Association's activities are outlined by Mr. Wendering in the article, in which he concludes by stating that "Credit Executives and Sales Managers should always be the best of business friends. In modern business practice each respects the other's responsibility, while regularly exchanging information with complete freedom."

It's Mr. and Mrs. Howard Minchin now

Rochester—The marriage of Howard W. Minchin, ReQua Electrical Supply Co., Inc. of this city, and past National Director of the NACM, and Miss Dorothy Izola Mouser, daughter of Mrs. William I. Mouser of Berkeley, Calif. took place on July 8 at the First Presbyterian Church in Berkeley. Mr. & Mrs. Minchin are at home since Sept. 1 at 241 Castlebar Road in Rochester.

Association Activities

Seattle:

The future of world trade and the position of gold was discussed by Dr. J. R.

Huber of the University of Washington at the September dinner meeting of the Seattle ACM, followed by a colored sound film entitled "Magic Fibers."

As an additional stimulant to meeting attendance the Association has announced its own version of the "Pot of Gold." All names in the official roster are put in a hat and one is drawn. If the winning individual is present he receives \$10. If not, the sum is added to the \$10 to be awarded at the following meeting. A consolation gift of a complimentary ticket to the next Association meeting is given to the individual whose name was drawn but who was not present to receive the prize.

New Haven:

Local credit executives enjoyed a novel dinner session at the Quinnipiac Club on Sept. 18 when a Quiz program was conducted, in which Carl H. Henrikson, Jr., Educational Director of the NACM, took part as Quiz Master.

Richmond:

The fall meeting of the Richmond ACM took the form of an outing on Sept. 19 at the Hermitage Golf Club with a program of golfing, bridge and bingo, followed by dinner. The occasion was under the joint supervision of Bright Keck and Raymond Cheatham, Chairmen of the program and fellowship committees.

Rochester:

The opening meeting of the Rochester ACM was co-sponsored by the Rochester Chapters of the Controllers Institute of America—National Association of Cost Accountants—National Association of Purchasing Agents, heard Paul Wooton discuss "Industrial Mobilization" on Sept. 18 at the Hotel Seneca. Mr. Wooton presented an outline and discussion of the problems facing industry in the present organization for National Defense and the steps industry must take to meet them.

Newark:

The 1940 Edition of the Annual Journal of the Paper Trade Association of New Jersey carries a leading article by William H. Whitney, Secretary-Manager of the New Jersey ACM. The title under which Mr. Whitney writes is "The Credit Man Sells," in which he discusses the relationship of credit work to sales promotion and points out that "credit work becomes particularly related to sales promotion when the credit man studies the capacity of the customer, the ability of the customer to manage his business successfully."

Detroit:

The final golf party of the year was staged by the Detroit ACM at the Clinton Valley Club on Sept. 24, followed by dinner. On the 26th the Association's regular monthly meeting heard Howard J. Stoddard, Pres. of the Lansing National Bank, discuss "Some Observations on Federal Credit."

Cleveland:

The annual golf tournament for the members of the Cleveland ACM was held on Sept. 20 at the Manakiki Country Club. It was followed by dinner at the Club. W. T. McWade was Chairman of the occasion.

Syracuse:

The Syracuse ACM will inaugurate its series of monthly meetings on Oct. 8 at the Onondaga Hotel with National President John L. Redmond as guest speaker. The speaking program for the season is in charge of R. S. Merrill. On Sept. 11 an excellent turnout took part in the fall golf outing in the Syracuse Yacht Club.

Zebraffairs

Fellow Zebras and Association Members: I would like to have a little chat with you this month on "What can be gained by having a Zebra Herd in your local Association."

The Royal Order of Zebras was formed some years ago, primarily for the purpose of obtaining new members for the local associations. As the years passed, general association workers—the fellows genuinely interested in their local work—were admitted to the Order. Today, the Royal Order of Zebras is comprised of real live fellows, all of them vitally interested in the welfare of their own local organization, and willing to put forth that extra effort to see the job well done. That, fellows, is the basis upon which Zebra work was founded.

But it's just the beginning. Aside from the work involved, there are other factors that enter the picture. Here, after your Herd is organized and in operation, you have a concentrated group of your best and willing fellows, rather than having them scattered throughout the entire membership with no thought as to organization. What a grand nucleus when there is a job to be done and what a grand nucleus for a real spirit of good fellowship and friendship.

That spirit of good fellowship, fellows, comes into being not only in the work of the Zebra organization, but naturally in the social functions of the Herd as well. Practically all the Herds in various parts of the country put on entertainments of one kind or another during the Association year—from picnics and card parties to dances and stag parties. These affairs are sometimes closed and for Zebras only, and at other times open to Association members. The point that I want to put over is this: that a grand spirit of good fellowship and friendship always prevails at these affairs and that, combined with the cooperative spirit shown by the boys when there is a job to be done, makes for a real live organization—one well worth the time and effort involved.

I just want to mention one more very important item before closing my message to you for this issue, and that is the lasting friendships formed within the Zebra or-

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Pres., L. C. Sparks, Standard Oil Co.; *Vice-Pres.*, P. K. McDowell, Hibben-Hollweg & Co.; *Vice-Pres.*, W. H. Shreve, Holcomb & Hoke Mfg. Co.; *Vice-Pres.*, R. J. Walden, Indiana Oxygen Co.

New York—On Sept. 9, at the Hotel Pennsylvania, John L. Redmond, National President, addressed the Institute group on "The Value of Education in Credit Management." This was a get-together meeting to inaugurate the Institute program for the year. There were about 300 in attendance.

Oshkosh—Ralph N. Buckstaff, Chairman Ed. Com., has been working with Mr. Bleyer, head of the Vocational School, on plans to organize an educational program in connection with the Institute.

Philadelphia—H. C. Culshaw, Chairman Ed. Com., has announced that the recently organized Chapter of the Institute has arranged for a cooperative educational program with the American Institute Banking Chapter. A special course in Commercial Credit Management is being offered this autumn.

St. Louis—The complete curriculum of the Institute is being offered in cooperation with Washington University. Three of the courses—Business English, Public Speaking and Advanced Credits—are being held in the Association offices. The other courses are being conducted on the campus of the University.

Salt Lake City—Three courses—Business English, Credits and Collections, and Advanced Economics—are to be conducted by the Chapter in cooperation with the University of Utah.

Toledo—Credits and Collections and Merchandise are courses being offered in cooperation with the University of Toledo during the autumn semester.

Our Distaff Side

N. Y. club will entertain C-women at Tri-State meet

New York—The local CWG will act as hostesses to the visiting delegates and their friends at the Tri-State Conference which will be held here Oct. 18 and 19 at the Hotel Commodore. A special luncheon for the visiting women will be a feature of Saturday, Oct. 19. While the plans cannot be divulged, suffice it to say there will be many surprises and it is expected that the luncheon will be a gala affair, long remembered.

The New York Group urges all credit women within the district to come to New York for the Conference and assures each one a warm welcome and a good time—this, in addition to the instructive and interesting sessions the Tri-State Conference Program Committee has worked out for the delegates.

In the meantime the New York CWG opened its business sessions with a dinner on Oct. 1 at which John L. Redmond, NACM President, was guest of honor and Clarence L. Riegel, N. Y. CMA President, was the featured speaker.

C-women consider meeting programs on trade problems

Chicago—Listed among possible activities by Credit Women's Clubs throughout the country during the coming year are programs taking into consideration various business problems such as taxation, housing, retailing, sales taxes, interstate trade barriers, distribution, etc.

Material in the form of study outlines has been offered to the various Clubs, whose Program Committees are interested, and information on speakers of subjects along this line is also available by communication with Margaret R. T. Carter, Educational Dept., The Twentieth Century Fund, 330 West 42nd St., New York. This organization is a non-profit, non-partisan research foundation and its material is well suited either for forum meetings or the type of meeting at which one speaker is featured. There is no obligation or cost to any Credit Women's Club's Program Chairman who wishes to communicate with Mrs. Carter.

Grand Rapids:

The year's activity for the local CWC opened in September with a picnic on Lake Michigan.



The new officers and directors of the group, who are active now in developing the year's program are as follows: *Pres.*, Florence Vierheilg; *Vice Pres.*, Gertrude Sheldon; *Sec.*, Vonda

Miklas; *Treas.*, Frances Heth; *Program Chairman*, Irene Spraker; *Arrangements Chairman*, Lucille Billings; *Public Affairs Chairman*, Edytha Carpenter; *Membership Chairman*, Mary J. Orth; *Publicity Chairman*, Edith M. Moore.

Newark:

The New Jersey CWC has announced that it is awarding a Credit Education Scholarship for the 1940-41 year to one of its members. This is in line with the program developed in the past few years by a number of Credit Women Clubs throughout the country.

Cleveland:

The Sept. dinner meeting of the Cleveland CWC was held at the Mid-Day Club on Tues., Sept. 10. On the 14th the local group held a joint meeting with the Pittsburgh Club in Pittsburgh.

Syracuse:

The first fall meeting of the local CWG was held in Dewitt, N. Y. with NACM Director Robert L. Griffiths, International Heater Co., Utica, N. Y. as guest speaker. Mr. Griffiths' talk was on Credit and Credit Systems. An active business and social program for the coming year was outlined at the meeting by Chairman Beatrice Millane.

Pittsburgh:

The local CWC had as its guests members of the Cleveland CWC on Saturday, Sept. 14, in this city.

Philadelphia:

Members of the Philadelphia CWC laid their business worries aside at their autumn "get-together" Sept. 21 at Spring Mountain House in Schwenksville.

Harriet I. Russell, Pres. of the Club, announced the appointment of the following committee chairmen who will serve during the coming year: *Attendance*, Mrs. John Charlton; *Membership*, Mary M. Pearson; *Finance*, Miss Schob; *Publicity*, Marie O'Brien; *Publications*, Margaret Breitmeyer; *Senior Guidance Council Representative*, Charlotte M. Bobb.

San Francisco:

At the local CWC meeting on Sept. 11, E. M. Shapiro and H. F. Morton of the California Packing Corp., San Francisco, displayed motion pictures entitled: "Pine-apples of the Pacific," and gave an accompanying address explaining each detail of a very interesting industry. The Club members have been actively engaged in collecting clothes for the British War Relief and many garments were donated at this meeting. Further plans were discussed for the joint meeting to be held in San Francisco on the weekend of Sept. 21, to which the local group has invited members of the respective Credit Women's Clubs at Fresno and Los Angeles.

Minneapolis:

The Minneapolis Wholesale CWC held a dinner meeting at the YWCA on Sept. 12 and heard the reports of members who attended the NACM Credit Congress at Toronto. Harriet O'Brien, retiring President, told of the activities of the National Credit Women's Executive Committee, of which she has been a member.

Minneapolis was fortunate in winning the scholarship in the National Institute of Credit presented by the NACM at the Credit Congress. Blanche Scanlon, who attended the Credit Congress as a delegate of the Minneapolis ACM, gave an interesting account of the various sessions.

The officers who will serve during the coming year are: *President*, Ethel Simpson; *Vice Pres.*, Murriel West; *Secretary*, Florence Armstrong; *Treasurer*, Lucille Evans.

Chicago:

"Development of Personality" was the subject of an inspiring and interesting talk by Captain John W. Gorby, Director of Finance, Chicago Crime Commission, at the first fall meeting of the Credit Women's Club of Chicago on September 10. Captain Gorby has had a very varied career and is a speaker of great merit. On October 8 the club will hold its annual meeting and elect officers for its fifteenth year.

Letters to the Editor

(Continued from Page 31)

in turn must perform financial hand-springs in an effort to avail themselves of a ten day cash discount. Failing this it becomes imperative that they outwit financial experts to maintain their credit on a thirty day basis. It becomes obvious, therefore, that the removal of the cash discount would be tantamount to depriving a merchant of any prompt pay incentive and would result in a lengthening of credit terms—which in time would cause the restriction of money, a condition that introduced the cash discount.

Mr. Conant speaks of selling goods only on approved credit. I assume that this applies to thirty day accounts only, since no mention is made of longer terms. I think you will agree that he has narrowed the field to a minute minority that act as a goal for the great majority. Let's not do away with home plate in the game of business finance.

The problem is to enforce a ten day discount period and eliminate the terms chiseler. Not to eliminate the discount and invite chiseling.

Yours very truly,

WILLIAMSBURG LUMBER CO., INC.
JOSEF GORELIK,
Secretary.

Many Ask Receipted Freight Bills

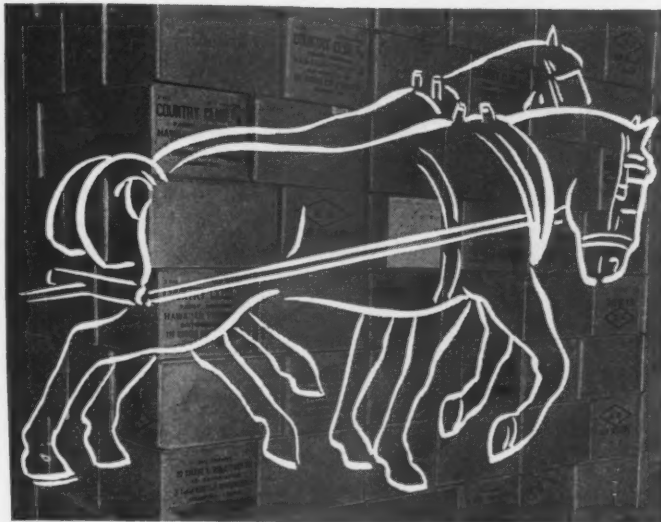
Dear Editor:

Following up our recent telephone conversation relative to some companies still following the antiquated method of requesting that the original receipted prepaid freight bills accompany the suppliers invoice on shipments where the freight is added on the invoice.

We have from six to eight such requests each week. Our objections to the method are:

1. The original freight bill is our record of the transaction the same as any other paid bill. (No one ever thinks of asking for the receipted bill covering the material they purchased.)
2. We have to make up a duplicate bill on blank paper to replace the original in our files.
3. On Railroad freight bills we have to hold up our billing to a customer for several days until we get the receipted bill back and on

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Motor Truck bills it is sometimes a couple of weeks before we get the bills from the Truck Lines before we can even pay the bills and then several days longer to get the receipted bills back.

4. Last but not least is that to us it is a nuisance.

We are of the opinion there are many other concerns who feel the same about the subject, so would like to see the matter taken up with the department handling such matters.

As a suggestion, we believe that if the above mentioned four points were presented to Association members as a complaint from one company and followed with a questionnaire, along the following lines, it would produce enough material pro and con to determine whether the subject is broad enough to warrant further comments.

- A. Do you request your suppliers to furnish prepaid receipted freight bills with their invoices where the freight is added to the invoice?
- B. Are you called on by some of your customers to furnish such receipted freight bills?
- C. Do you approve of the policy?

List your reasons:

Thanks for your consideration.

Very truly yours,

THE JOYCE-CRIDLAND COMPANY.

Explains Views on Freight Bills

Mr. D. W. C. Becker, Director
La Salle Extension University
Traffic Management Department
Chicago, Ill.

Dear Mr. Becker:

I wish to acknowledge and thank you for your "public" commendation and criticism of my article in the July issue of CREDIT AND FINANCIAL MANAGEMENT.

Although I am willing to admit that my quotation of Sec. 16 3(B) of the Interstate Commerce Act was ambiguous in its relationship to the preceding paragraphs you, undoubtedly, will have to agree with me that my quotation, technically speaking, was not incorrect. Your observation being in the technical sense directs me to reply in a technical manner. You will observe that my sentence directly preceding the above mentioned quotation states that I am speaking of "damage" claims, which you unquestionably will admit is properly covered by my quota-

tion. If I had stated "loss and damage" claims, then, technically, I would have no recourse but to fully agree with you. Perhaps the words "What the Loss Does and Does Not Cover," inserted by the Editor made you unable to see this point? Again, I am most willing to admit the ambiguity—but not a technical error.

Although you go on to point out "that the I. C. C. has no jurisdiction over loss and damage claims" I can not see where I specifically stated the Commission has that jurisdiction. If you will reread my article I am sure you can not point to a specific sentence or paragraph where I have so stated this jurisdiction.

You also mention "It is true that there has been some question as to whether this section of the M. C. Act does or does not include the provision of Sec. 20, par. 11, relation to loss and damage—(thank you)" but I can not see your reason for mentioning this point since I did not refer the question of loss and damage claims in respect to motor carriers—I stated a reference to overcharge claims in connection with motor carriers. In your reference to the bearing of the M. C. Act in respect to overcharge claims you repeat what I already said with your additional comment. In direct relation with my article I consider this statement most irrelevant. Of course, any traffic man is aware that tariffs publish "lawful" rates and the I. C. C. determines the "lawfulness" of a rate in question—but the point I brought out was that the I. C. C. has no jurisdiction over shipper's collection of claims and recourse was a court of law. You stated the same comment in a different manner.

I noticed that in the two main topics of your September "essay" that you point out the "truth" of question in regard to some interpretations of the M. C. Act. I would like to mention that when a traffic man handling some five hundred trucks for delivery of merchandise comes across a questionable feature of interpretation he guides himself by what looks to be the safe interpretation because if something goes wrong with the "collections" of two hundred out of the five hundred trucks, he can not use as his excuse "the question is subject to various interpretations—and since it is questionable you can't blame me." The only place such an excuse would be in order is on a "student's examination paper."

I do, again, want to express my ap-

preciation for the compliments extended to me in your September article.

Very truly yours,

ERNEST RUSCH.

14 Van Houten Avenue
Jersey City, N. J.

Installment Selling May Have Reached Peak

CF Installment selling, which moved forward at an almost phenomenal rate within recent years, has likely passed its period of extraordinary growth, and, barring a sudden or radical change in the American economy, probably will not continue its upward trend much further, in the opinion of Carl N. Schmalz, Controller, R. H. Stearns Company, Boston, and former chief of the Bureau of Business Research, Harvard University.

Writing in the Credit Management Year Book, published today by the Credit Management Division of the National Retail Dry Goods Association, Mr. Schmalz cited Department of Commerce Statistics to show that installment selling, as related to the total retail business of the country, instead of tending to increase, has leveled off since 1936 and now varies in cyclical fashion with the fluctuations in general business. Although strong forces are still working in the direction of increased installment selling, notably the competition among retail stores and among sales finance companies and banks with money to lend, according to Mr. Schmalz, other factors make it seem unlikely that installment sales will gain as rapidly in the immediate future as they have in the past. Outstanding among these factors is the fact the installment device has been applied to practically all existing merchandise to which it is well adapted.

There are only three sources from which a large increase in the importance of installment selling can come if the extension of installment selling to soft goods of low unit price has about reached its limit, the former Harvard chief believes. These are: 1. from the development of new items of consumers' capital goods, such as air conditioning equipment, television devices, or packaged home machinery and fittings for low income consumers; 2. from an increase in the standard of living bringing with it more widespread ownership and use of consum-

ers' capital goods, or, 3. from a change in the present distribution of national income which, by increasing the purchasing power of low income families, would make it possible for them to buy more consumer capital goods.

All three developments are possible, even probable in the long run, according to Mr. Schmalz, but are not likely to come about rapidly or in the near future. Therefore further advances in installment selling, as related to total sales at retail, are likely to be modest, he maintains.

Mr. Schmalz's view that installment selling has touched its apex of importance for the present is disputed by a number of other authorities in the credit field. However, he reinforces his conclusions by citing the decline in the ratio of installment sales to total retail sales from 1936 to 1938. In 1933, two billion dollars of installment sales were only 8% of the country's total retail sales. More than doubling their volume over that year in 1936, they formed 11.8% of total retail sales in 1936. However, sales on the installment plan represented only 11.5% of total sales in 1937, and 10.10% in 1938.

The final results of the 1939 Retail Credit Survey of the Department of Commerce, from which department store statistics are analyzed by Malcolm L. Merriam of the Bureau of Foreign and Domestic Commerce in the new Credit Management Year Book, indicate that installment sales in department stores showed a gain in importance last year. Among 291 credit-granting department stores studied, installment sales represented 9.3% of total volume in 1939 as compared with 8.6% in 1938. Whether this presages a fresh forward trend in installment selling or indicates that installment selling is now following the cycles of general retail sales (the 291 stores showed an increase of 5.4% in total sales in 1939) will require more time to definitely determine.

Monthly charge account sales represented 44.9% of the total sales of the 291 stores in 1938, according to Department of Commerce Survey, and increased to 45.1% in 1939. The combined increase in the credit proportions of total department store volume decreased the average percentage of cash sales from 46.5% of total sales in 1938 to 45.5% in 1939.

Although the great majority of consumers make good use of the credit facilities available to them, according

to conclusions expressed by Rolf Nugent, Director, Department of Consumer Credit Studies of the Russell Sage Foundation, in the Year Book, "the pressure of credit selling is taking an increasingly heavy social toll." The minority, who are unable to resist the lure of goods that can be acquired with little cash, who view too optimistically their ability to pay, or who have careful financial planning upset by circumstances beyond their control, Mr. Nugent declares are finding the aftermath of easy payments far from easy.

Asking the question, "What can be

done to make the easy payment system less hazardous for the American family?" Mr. Nugent advocates the bringing about of greater stability in the economic system as a whole, better training in family finance through education facilities, improvement of the practices of credit-granting agencies so as to remove the loan shark menace and eliminate misleading statements.

Even though the prospect exists for better retail business during the coming months, any tendency toward further liberalization of credit terms should be resisted during 1940.

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How Conscription Affects Payrolls

(Cont'd from p. 30)

in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration."

Q. What Might Happen if an Employer Does Not Comply with these Regulations about Re-employment?

A. The answer to this question also is found in Section 8 and is covered specifically in Paragraphs *e*, *f* and *g*. Paragraph *e* is perhaps the most direct answer and reads as follows:

(*e*) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

Q. What Limits Are Placed Upon the Filling of Places of Employees Called by the Draft?

A. Paragraph *i* under Section 8 says:

(*i*) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

Q. Who is eligible for registration and conscription?

A. All male citizens and aliens between 21 and 36 must register; all male citizens and male aliens who have declared their intentions of becoming citizens may be conscripted. (In the law, eligibles are those who have celebrated their 21st birthday but have not celebrated their 36th birthday.)

Q. What must they register?

A. The President has proclaimed Wednesday, Oct. 16, as registration day.

Q. When will men actually be inducted into service?

A. This is not specifically provided. It is probable that about 75,000 will be selected by Nov. 15; 325,000 more will have gone to camp by Jan. 1; another 400,000 will have been inducted by April 1, 1941.

Q. How long must men serve?

A. The law provides specifically for 12-month service. But, after a year's service, each man is transferred to an Army or Navy reserve unit and until he is 45 years of age or has been in the reserve for 10 years or has been discharged from the reserve, he will be subject to such additional training and service as may be prescribed.

Q. Who is exempted from service?

A. In the case of those who do not hold public office, very few individuals are given forthright exemptions; however, the bill provides that the President—through the local draft boards—may defer the service of individuals for various reasons:

1. He may defer the service of those who are necessary "to the maintenance of the national health, safety, or interest"—in other words, workers on jobs that are vital to national defense.

2. He may defer the service of those with dependents. (Actually, Army officials have indicated that all married men, regardless of the financial dependence of their wives, will be deferred from the first draft call.)

3. He may defer the service of those who are found to be "physically, mentally, or morally deficient or defective."

Q. Will blanket exemptions or deferments for industrial or occupational groups be issued?

A. The law specifically states that deferment of service will be determined by individual case only, that no deferment shall be made of "individuals by occupational groups or of groups of individuals in any plant or institution."

Q. How is industry conscripted by the draft law?

A. A manufacturer must accept orders from the President through the War or Navy Departments and compliance with such orders "shall be obligatory . . . and shall take precedence over all other orders and contracts" which the firm may have.

Q. How is industry conscription to be enforced?

A. The President—through the Secretary of War or Navy—is empowered to take possession at a "fair and just" rental of the plant of a manufacturer who refuses to furnish supplies "at a reasonable price" or who refuses to give the precedence to orders placed by the President. Any manufacturer who does not comply may be fined \$50,000 and imprisoned for three years on being adjudged guilty of a felony.

Q. How does the law affect the debts of conscripts?

A. The conscription bill re-enacts the Soldiers and Sailors Civil Relief Act of 1918, but with the addition that individuals having contractual relations for installment purchase and sale may cancel their contracts by mutual agreement after the purchaser's service has begun.

The act of 1918 puts the matters of eviction for non-payment of rent, repossession of property, and non-payment of obligations secured by mortgages in the hands of any federal or state court "of competent jurisdiction." In general, the act sets down the rule that the court shall base its judgment on the basis of the extent to which the conscriptee's ability to pay has been impaired by his military service.

Q. What about this proposed law that would in effect give a moratorium against judgments, time payment loans and deferred payment contracts?

A. House Bill 10338 which was under consideration by the House Committee on Military Affairs late in Sep-

tember and which was expected to be passed before election recess provides:

Article III—Rent, Installment Contracts, Mortgages

Sec. 300. (1) That no eviction or distress shall be made during the period of military service in respect of any premises for which the agreed rent does not exceed \$80 per month, occupied chiefly for dwelling purposes by the wife, children or other dependents of a person in military service, except upon leave of court upon application therefor or granted in an action or proceeding affecting the right of possession.

(2) On any such application or in any such action the court may, in its discretion, on its own motion, and shall, on application, unless in the opinion of the court the ability of the tenant to pay the agreed rent is not materially affected by reason of such military service, stay the proceedings for not longer than three months, as provided in this Act, or it may make such other order as may be just.

(3) Any person who shall knowingly take part in any eviction or distress otherwise than as provided in subsection (1) hereof shall be guilty of a misdemeanor, and shall be punishable by imprisonment not to exceed one year or by fine not to exceed \$1,000, or both.

(4) The Secretary of War, the Secretary of the Navy, or the Secretary of the Treasury with respect to the Coast Guard, as the case may be, is hereby empowered, subject to such regulations as he may prescribe, to order an allotment of the pay of a person in military service in reasonable proportion to discharge the rent of premises occupied for dwelling purposes by the wife, children, or other dependents of such person.

Sec. 301. (1) That no person who has received, or whose assignor has received, under a contract for the purchase of real or personal property, or of lease or bailment with a view to purchase of such property, a deposit or installment of the purchase price from a person or from the assignor of a person who, after the date of payment of such deposit or installment, has entered military service, shall exercise any right or option under such contract to rescind or terminate the contract or resume possession of the property for nonpayment of any installment falling due during

the period of such military service, except by action in a court of competent jurisdiction.

(1a) Any person who shall knowingly resume possession of property which is the subject of this section otherwise than as provided in subsection (1) hereof shall be guilty of a misdemeanor and shall be punished by imprisonment not to exceed one year or by fine not to exceed \$1,000, or both.

(2) Upon the hearing of such action the court may order the repayment of

prior installments or deposits or any part thereof, as a condition of terminating the contract and resuming possession of the property, or may, in its discretion, on its own motion, and shall, on application to it by such person in military service or some person on his behalf, order a stay of proceedings as provided in this Act unless, in the opinion of the court, the ability of the defendant to comply with the terms of the contract is not materially affected by reason of such (Turn to Page 46)



Photograph courtesy of The General Tire and Rubber Company

Tire makers manufacture trouble. They build devices that will inflict even greater punishment on fabric and tread than tires are likely to receive in actual use: excessive loads, severely roughened surfaces, sharp anvils and other obstacles—all to test the way their product will hold up under shocks and jars that tear and break.

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service; or it may make such other disposition of the case as may be equitable to conserve the interests of all parties.

Sec. 302. (1) That the provisions of this section shall apply only to obligations originating prior to the date of approval of this Act and secured by mortgage, trust deed, or other security in the nature of a mortgage upon real or personal property owned by a person in military service at the commencement of the period of the military service and still so owned by him.

(2) In any proceeding commenced in any court during the period of military service to enforce such obligation arising out of nonpayment of any sum thereunder due or out of any other breach of the terms thereof occurring prior to or during the period of such service the court may, after hearing, in its discretion, on its own motion, and shall, on application to it by such person in military service or some person on his behalf, unless in the opinion of the court the ability of the defendant to comply with the terms of the obligation is not materially affected by reason of his military service—

(a) stay the proceedings as provided in this act; or

(b) make such other disposition of the case as may be equitable to conserve the interests of all parties.

(3) No sale under a power of sale or under a judgment entered upon warrant of attorney to confess judgment contained in any such obligation shall be valid if made during the period of military service or within three months thereafter, unless upon an order of sale previously granted by the court and a return thereto made and approved by the court.

Article IV—Insurance

Sec. 400. That in this article the term "policy" shall include any contract of life insurance on the level premium or legal reserve plan. It shall also include any benefit in the nature of insurance arising out of membership in any fraternal or beneficial association; the term "premium" shall include membership dues or assessments in such association, and the date of issuance of policy as herein limited shall refer to the date of admission to membership in such association; the term "insured" shall include any person who is the holder of a policy as defined in this article; the term "insurer" shall include any corporation, partnership, or other form of association which secures or provides insurance under any policy as defined in this article.

Sec. 401. That the benefits of this article shall apply to any person in military service who is the holder of a policy of life insurance, when such holder shall apply for such benefits on a form prepared in accordance with regulations which shall be prescribed by the Administrator of Veterans' Affairs. Such form shall set forth particularly that the application therein made is a consent to such modification of the terms of the original contract of insurance as are made necessary by the provisions of this article and by receiving and filing the same the insurer shall be deemed to have assented thereto, to the extent, if any, to which the policy on which the application is made is within the provisions of this article. The original of such application shall be sent by the insured to the insurer, and a copy thereof to the Veterans' Administration.

The Veterans' Administration shall issue through suit-

able military and naval channels a notice for distribution by appropriate military and naval authorities to persons in the military service explaining the provisions of this article and shall furnish forms to be distributed to those desiring to make application for its benefits.

Sec. 402. That the benefits of this Act shall be available to any person in military service in respect of contracts of insurance in force under their terms up to but not exceeding a face value of \$5,000, irrespective of the number of policies held by such person whether in one or more companies, when such contracts were made and a premium was paid thereon before the date of approval of this Act or not less than thirty days before entry into the military service; but in no event shall the provisions of this article apply to any policy on which premiums are due and unpaid for a period of more than one year at the time when application for the benefits of this article is made or in respect of any policy on which there is outstanding a policy loan or other indebtedness equal to or greater than 50 per centum of the cash surrender value of the policy.

Sec. 405. That no policy which has not lapsed for the nonpayment of premium before the commencement of the period of military service of the insured, and which has been brought within the benefits of this article, shall lapse or be forfeited for the nonpayment of premium during the period of such service or during one year after the expiration of such period: *Provided*, That in no case shall this prohibition extend for more than one year after the date when this Act ceases to be in force.

The Greater the Need

THE The principle of insurance is one of the great ideas produced by civilization. Stripped of its technical language, automobile insurance amounts to a number of people paying a *small* amount of money each year, so that in case of an accident, no one individual will have to pay a *large* amount.

The risk of allowing your car to be driven without insurance is quite considerable. Your savings and property, as well as future earnings, are in constant jeopardy. On the one hand, your automobile is a valuable piece of property. Loss or damage to it places a large and sudden dent in your pocketbook unless you are protected against it by insurance. On the other hand, your automobile may inflict damage or injury to others which in turn might cripple you financially for life—unless you are protected against it by insurance.

The truth is, the less money you have at the moment, the more you need insurance.—Collier's, The National Weekly.

1941 Edition Credit Manual of Commercial Laws

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Fair Trade Laws Mix Liquor Price Cocktail

EN During prohibition, liquor price wars were ended by gun fights. Since the business went legal—and particularly since the coming of the state fair-trade laws—they have been settled by court fights, reports *Business Week* in a recent issue. These usually have taken the form of injunctions issued by distillers against retailers who sold their brands at less than the minimum retail price set by fair-trade contracts under the acts now in force in 44 states.

In spite of the fact that liquor retailers have been second only to druggists in clamoring for minimum resale price maintenance to put an end to below-cost selling, price wars have been nowhere more virulent than in the liquor trade. For example, in New York City they have become almost traditional at Christmas time.

However, New York's latest price war began early in August as a result of subnormal retail sales, following imposition of the defense tax of \$3 a gallon last July 1. For three weeks the war stayed under the counter, then developed into the most intensive and extensive in the metropolitan market's turbulent history.

Although New York's fair-trade act doesn't compel distillers to sue price-cutting retailers, precedent for such action was set by Schenley in 1937 when it issued a consent-injunction against R. H. Macy & Co., Inc. The Macy injunction, subsequently accepted by other retailers, forbade Macy's to cut prices below the fair-trade minimums but included a clause freeing Macy's from the restrictions of the injunction if Schenley failed to compel other retailers to observe the minimum prices (*BW—Dec. 19, '37 p. 34*). Thus, the legal presumption was created that distillers are responsible for seeing that the fair-trade contracts are observed, that retailers are free to resort to price slashing in the absence of effective action by the distillers.

In the present war, with prices down 33% to 45% all over the metropolitan area, distillers complain that they can't sue everybody, and have refused to make any moves. Finally the ice was broken when desperate retailers, crowded against the wall by price-cutting competition, threatened to sue distillers.

In one case, which gave promise of becoming a classic before it was withdrawn, a prominent price-cutter sued to set aside the fair-trade contracts on the grounds that distillers had abandoned them. Another retailer currently is asking \$9.45 damages from Calvert—his loss on 18 pints of Calvert special which he was forced to sell below the market price in order to meet competition.

Retailers turned on the distillers only after the Metropolitan Council of Package Store Associations withdrew three suits against retailers, thereby implying it was up to distillers to stop the

war. Later the council was obliged to sue one of its own members to the tune of \$25,000 for cutting prices on Winchester—its own brand, introduced last month to allow retailers a mark-up even higher than the 40% they customarily get on national brands under the present minimum price level (*BW—Aug. 17, '40, p. 27*).

Retailers blame the distillers for inciting—or, at least, countenancing—the price war as a means of striking back at the Winchester brand and forcing a reduction of the 40% markup on national brands.

Since motor cars began



Automobile patented by George Selden in 1895
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How Valuable Are Accounts Receivable?

If Credit Is the Backbone of Business, What Would Happen to the Average Business Man If His Accounts Receivable Were Stolen or Destroyed by Any Cause?

Paul N. Gery *

EN Some business men resort to elaborate precautions in the protection of their records, using the latest forms of fire resistive tub desks, cabinets, safes and vaults, while others keep their records of accounts receivable in ordinary metal filing cabinets, some in wooden cabinets. Still others give them no protection at all.

It is fair to ask what would be the immediate financial position of a business man if his records of accounts receivable were stolen or destroyed by any cause, bearing in mind that the credit system is one of the backbones of our American business structure. And few indeed are the business houses that do not have substantial amounts of accounts receivable!

A "Dynamite" Case

I recall one instance where, after discussing this type of insurance with a high executive of one of our largest wholesale sporting goods establishments, he advised me that as far as he was concerned, his place of safekeeping gave ample protection against most perils to which his records of accounts receivable might be exposed, and that he had no fear of their possible loss, even though their value was in excess of \$500,000.

Upon examination, I found that at night and when his premises were closed for business, these records were stored on a wooden shelf in the basement, immediately adjoining which was a very large supply of shotgun shells and other kinds of ammunition! A fire or an explosion would have made short work indeed of his records of accounts receivable.

Until I pointed this out, the executive had stated that he had never had a loss and having been in business for fifty years or more, he was sure that he was not going to have one. But the exposing of the facts to him made the sale.

* Reprinted from the Casualty and Surety Journal.

A Newspaper Case

An accounts receivable policy which I had sold to one of our leading metropolitan newspapers was up for renewal. The president of this paper advised me that he had recently purchased additional fire resistive equipment and therefore saw absolutely no need for continuation of this coverage. He felt that if his records were destroyed, the character and integrity of his customers was such that he could rely upon ultimate collection of at least 60 per cent of his accounts receivable.

Instead of disputing this point (which after all is purely a matter of conjecture), I agreed with him but pointed out that even if 80% were ultimately collected his loss would still be \$200,000, and that furthermore we would start by paying him his gross loss, out of which he would reimburse us as collections were made, thus keeping him in pocket during this trying and dangerous interim.

Highly Valuable

A prudent business executive of today makes certain that his building, equipment and other real property is insured. Yet, his accounts receivable may represent values in excess of all of these. Their sudden cessation would place him in most embarrassing financial straits.

I recently talked with the treasurer of one of the country's largest manufacturing concerns of its type. During the course of the conversation, he stated that he had sufficient confidence in the integrity of his customers to predict that at least 80% of his accounts receivable would be paid in time, should their records be destroyed.

Yet almost in the same breath he admitted to me that if he did not receive a bill for his monthly telephone charges, he would in all probability never give the matter a thought and would never pay this account. I suspect that if we were honest, most of us would have to make the same admission.

Banker Should Inquire

I have frequently asked commercial bankers what steps they have taken, when extending a loan on the guarantee of the financial statement and signature of the applicant, to ascertain the possibility of the borrower being able to repay the loan should he find himself unable to collect his own accounts receivable by reason of the theft or destruction of his records.

Most admit that they have never given the matter serious thought, relying upon the business acumen of the borrower to protect his records to the best of his ability. Nevertheless, the loan must be repaid.

"I'll Have To Ask His Name"

EN During a survey of the protective facilities of a factory engaged in the manufacture of hydraulic hoists and other types of hydraulic power-transmission equipment, where hundreds of thousands of dollars' worth of equipment is being manufactured for the armed services of the United States, a special agent of the FBI recently made some inquiries regarding the safeguard of plans.

"Oh, we're well fortified there," said a plant official. "All secret plans and formulas are kept in the vault."

"That's fine," said the special agent.

"Who has charge of the vault?"

"I'll have to ask," the official confessed . . . "Oh, Bill, do you happen to know the name of that young fellow?"

Bill didn't. Neither did Jack, nor Tom, nor Harry. It finally was necessary for the plant official to check with the payroll department to learn the name of the vault tender. Then, it developed that this man had been in the employ of the company only a few days, and that nothing whatever was known about his character, reputation, or background. — Courtney Ryley Cooper, quoting J. Edgar Hoover, in *The American Magazine*.

HOUSING AUTHORITY ACTIVITY

Approved loans to public housing agencies under the United States Housing Authority program have reached 450 projects with loan contracts totaling \$643,978,483 to 184 public housing agencies throughout the country.

The Credit Executive's Lament

By George T. Brian, Jr., Credit Executive
Noxzema Chemical Co., Baltimore, Md.

The salesman ride me—the executives
hide me,
Alas, what a task I've undertaken,
"Orders should be released—never de-
creased,"
Oh why, should sound credit be for-
saken!

I look up the ratings—with breathless
abatings,
As the salesman begin to scream,
Can't they wait a while, for the order
to go,
Certainly that's not the way it would
seem.

Dun and Brad, they are nuts—cry the
men in the field,
Their reporters are irresponsible—
maniacal,
Instead of helping business reach out
as it should,
Their tendency is to shackle.

When a special report shows a purely
bad risk,

When all the 3 "C's" are lacking,
They say it's the bunk—with their
salesmen's spunk,
That the mercantile agency's cracking.

The Sales Manager frowns, as an or-
der's turned down,
The Credit Manager is always at
fault—
"It's all beyond reason—it's all out of
season,
The C. M. is not worth his salt."

My letters, my systems—everything's
wrong,
With my credit and with my collec-
tions,
What he can't do is see my point of
view,
As he vindictively sings his maledic-
tion.

"A certain account is good for any
amount,
Why we've never lost anything on
them,"
As he overlooks what's plain on my
books,
A good account can fold up pro tem.

An interchange report shows the pros-
pect won't pay,
That they're slow as a truck up a hill,
The salesman all shout, "The N. A.
C. M.'s all out!
Our competitors are selling them still."

Why you're all theoretical—certainly
not practical,
Your idea of volume is tantalizing,
"Why shout to the sky if losses are
high,
Just charge it to advertising."

What is the matter, why all this
chatter,
Am I at fault or to blame?
I'm morbid, forlorn—disgruntled, and
torn,
With a good credit record my aim.

After several letters, to an erring debtor
on behalf of an out of town client, our
contributor received the following letter
which is self-explanatory:

"Gentlemen: Enclose fine money order to
pay the debt I owe Co. of
Shreveport, La. This will teach them not
to sell me on credit."

"WISE PLANNING"

"As a banker with years of
experience, it does my heart
good to see you show such
keen business judgment. Your
choice of the Berkshire Mutual
shows wise planning!"

"Well, I had a good example.
My father and grandfather be-
fore me always insured in the
Berkshire, and you know what
successful business men they
were! That new Berkshire
folder, 'Through Four Gener-
ations', con-
vinced me that
I should do the
same."



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rules of colonial days... honesty,
friendship, sincerity, helpfulness.

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fundamental soundness would attract
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An American Institution

Making Sales Forecasts

Two Recent Publications Discuss This Subject, Important To Business

OF While the credit executive nominally is charged only with the function of credit and collection, a considerable percentage are also corporate officers charged with general management plans. Two recent publications on the subject of Sales Forecasting or Budgeting will be of deep interest to such corporate officers and also to the credit executive who checks closely with his Sales Department on the general plan for each season and for each year.

These publications, one entitled "Forecasting Sales" and put out by the Policyholders Service Bureau of the Metropolitan Life Insurance Company and the other, "Budgeting Sales" put out by the American Management Association, 330 West 42nd Street, New York City, are available to company executives by addressing the publishers named above.

In the discussion of "Sales Forecasts" the problem of deciding on the method to be adopted is discussed in the following excerpt under the heading "Statistical Methods."

Selection of Data

"As a rule the selection of internal data reflecting the company's past activity is relatively simple. Most companies use either the volume or the units either of billings or orders received. One governing consideration is the type of information that is easily obtainable on the company's records. These figures are broken down into at least as much detail as that in which the final forecast is stated. Thus past activity may be classified according to product lines, interim accounting periods (months or quarters) and geographical regions.

"The selection of external data is usually more difficult than internal company figures because it involves a knowledge of the types of information available and the effect of each type on company activities. Considerable assistance in reviewing the available types of data can be obtained by studying the publications of the Bureau of Foreign and Domestic Commerce entitled 'Survey of Current Business' and 'Sources of Current Trade Statistics.' The connection between any given type of information and the company's future activity is largely a matter of applying common sense. For example building materials manufacturers usually feel that the statistics on building permits tend to forecast their activity for a moderate period in advance. Similarly, tire manufacturers base their forecasts partly on trends in automobile manufacturing or registrations. One consideration in

forecasting the activity of any form of consumer goods is the trend of purchasing power in the company's markets, as disclosed by the indices of regional Federal Reserve Banks, department store sales and similar data.

Product Line Analyses

"Companies having several major product lines usually find that completely separate analyses must be made for forecasting purposes. For example large rubber companies make tires, rubber shoes and mechanical rubber goods. Obviously, there is little connection between the economic forces contributing to the future activity in rubber shoes, which are purely consumer goods, and mechanical rubber goods, used primarily for production purposes. The outlook for tires must be studied separately for the replacement market, which depends primarily on car registrations, and the new equipment market, which is governed by future automobile production. Future activity in all these product lines is probably influenced by the general business outlook, but seldom to the same extent and not necessarily in the same direction.

Territorial Analyses

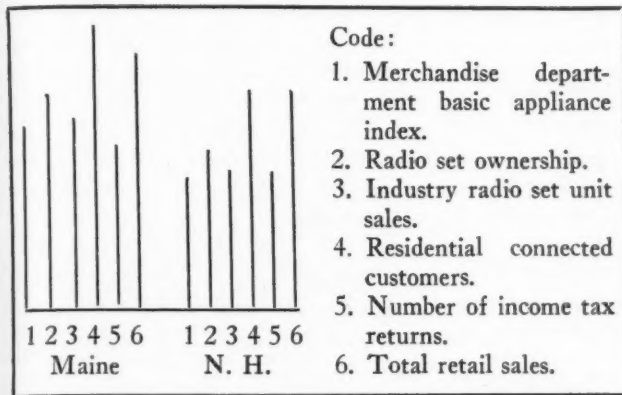
"Analyses by sales territories is always necessary if the forecast is to be used in setting sale quotas. Some form of geographical study of the company's markets is also desirable if operations extend over several regions, in order to benefit from any available appraisal of local conditions. For example the company's major market may be located in a region having an unusually good or poor outlook and this may be more important than the outlook for the country as a whole. An opinion on the regional outlook may be obtained from field reports of the selling organization, or from such publications as the monthly bulletins of the various federal reserve districts.

Multiple Correlation

"It is frequently necessary to derive one concrete conclusion (that is, prospects for improvement or recession) from several independent factors. Statistically this requires the use of mathematical formulas with which the average business man is not familiar. This survey indicates, however, that few companies use mathematical formulas to any great extent, and the majority of contributors do not use them at all. There are various ways of putting together independent facts without the use of intricate mathematics, the following being the procedure

of one large radio manufacturer:

"Mention of correlations may bring to mind intricate mathematical analyses. It is not deemed necessary to become involved in these calculations, unless graphical correlation prove insufficiently reliable in any particular case. A very simple but effective means was used in the multiple correlation of the various index factors and radio sales by States. The factors were each converted to a percentage of the United States, as were the sales. Then the factors were compared to radio sales by placing them on a chart vertically, in different colors, as follows:



"States were grouped by sections of the country, so that consistent sectional variations will be reflected. At first glance, the array of the entire 48 States on one chart gave a rather hodge-podge effect. A little study of the individual States, however, revealed definite characteristics of the indices as measures of radio sales. Sectional differences were clearly shown, which would not be revealed mathematically without extensive calculations."

"Another method of combining dissimilar factors is through use of a weighted average when the various figures have been expressed in some common form as, for example, percentage of total, or per cent change from a previous period. This average may give equal weight to all such factors, or the weight may be arbitrarily varied. The radio manufacturer cited selected the three following factors as contributing definitely to the measurement of radio sales.

- Residential connected customers—wired homes. (Reflects ability to use electric sets.)
- Income tax returns. (Reflects ability to buy sets.)
- Retail trade. (Reflects willingness to buy.)

"These factors for each State, expressed as a percentage of the total for the United States, were added together, with equal weighting of 100 per cent for the first two and 75 per cent for the last. A lower weighting was given retail sales because the figures used reflected food sales, which emphasize the small towns too heavily for their purposes.

"A manufacturer of automobile accessories and steel building materials selected five factors, which were used in estimating the sales volume of each territory, and weighted these factors as follows:

Population	20 points
Number of architects, engineers and contractors	25 "

Number of industries rated over \$10,000	25	"
Average estimates of three previous years	20	"
Average orders of three previous years..	10	"

Total 100 points

Seasonal Variation

"Some method of determining seasonal variation is necessary where annual or semi-annual forecasts are broken down by months. Some companies minimize the problem by using a quarterly breakdown except for months in the current quarter.

"Only one instance was cited by the contributing companies in which the link-relative method or similar mathematical calculations are used in splitting up estimates by months. The method commonly cited is to determine the percentage of annual activity done each month and to apply this percentage to the forecasted volume. For this purpose the experience over several years is used. One company assembles aggregate ten-year figures by months and by years and bases its seasonal split-up on the percentage of aggregate monthly figures to annual figures. Another company computes the percentage of monthly figures to annual figures separately for each year, for a period of seven years, and uses for its seasonal index the median or middle figure shown for each month. These figures are corrected arbitrarily in order that the index for all months will add up to 100 per cent.

Use of Industry Potential

"Some executives prepare their company forecast by first estimating the sales for the entire industry and then determining the company's share of the total business. This is practicable in lines of business in which complete industry-wide data are available, and in which the total volume of activity can be predicted fairly accurately. Some oil companies use this method. When it is used, the company's own figures over many past periods are expressed as a percentage of the total product sales. This forms the basis for calculating the company's share of the total business.

"Most statisticians attempt to compare their company's sales with various indices, in order to determine whether the movements are similar, or whether the company's volume tends to lag behind the other series. As a rule comparisons of this kind are not considered significant unless the company's sales figures are converted to the same basis as the index. This requires, of course, a study of the method used in computing the index. If, for example, the index has been corrected for long-term trend or seasonal variation, or both, the company's figures are adjusted for the same correction.

Price-Unit Conversions

"Estimates made in terms of units of product must be converted to a dollar basis if they are to be used in connection with financial budgets, or if they are to be checked with separate forecasts made in dollars. Estimates made in dollars must be converted to a unit basis for use for most other purposes. In either case some assumption must be made regarding unit prices. The possible alternatives are either to assume that current prices will prevail during the foremost period or to attempt to forecast the trend of prices.



NATIONAL UNION
FIRE INSURANCE
COMPANY

PITTSBURGH, PA.



THIRTY-NINE YEARS
OF
HONORABLE DEALING

Companies whose finished product has a definite market price, experience unusual difficulty in making the price-unit conversion because the prices are established by industry-wide supply and demand. A large oil company uses current prices exclusively in all of its price-unit conversions. Another oil company follows the same method except in instances where the price trend is sufficiently clear to justify a change from current prices. Its price-unit conversion is made on work sheets consisting of one line per product, and having columns for (a) number of units, (b) unit price and (c) value. Thus, an exact basis for each computation is readily available. One work sheet of this concern showed the use of current prices for nearby months, and of slightly advanced prices for more distant periods.

Companies selling a product that is not subject to definite market quotations can make the price-unit conversion with somewhat greater assurance, since their prices are less sensitive to immediate conditions. Unless changes in list prices are contemplated, they are usually justified in making the price-

unit conversion at current market prices. However if a price forecast is attempted, consideration is given to the following factors:

The extent to which the company's raw materials are subject to commodity market quotations, and the outlook for changes in material prices.

The supply of and demand for labor, the industrial relations situation and prospects for wage rate changes.

The general outlook for inflation or deflation.

Sales-Production Conversions

Since the conversion of sales forecasts into production budgets is primarily a problem of inventory control and of production planning, functions beyond the scope of this report, the subject will not be discussed in detail. However, the general procedure of several contributing companies may be outlined as follows:

Detailing the Sales Forecast: This requires converting the data relating to major product classes into figures on individual products or applying to shorter time periods.

Budgeting the Ending Inventory: The desired inventory of each product as of the beginning of the budget period, and at the end of each month of the period is established. This is based on the rate of activity in each product, the period required for stock replenishment and trade customs regarding back-ordering.

Establishing Production Budget: The production budget of each period equals the planned ending inventory, plus forecast sales, less planned beginning inventory.

Relatively few companies build up their production budget very far in advance, due to the substantial amount of error that is often involved. If the calculations are made more than one or two months in advance, they are generally revised monthly, or oftener.

Allocation of Sales to Plants

Companies having two or more plants making the same line of products find it necessary to split up the sales volume among the various factories. This is done in several instances through a central planning department. The detailed production planning, however, is done at the various locations. The method often used for allocating production to the various plants is based on the following

factors:

Accessibility of the factory to the market: Producers of goods that are either bulky or highly perishable usually recognize this as the governing factor. The point of production is established in substance by the point of consumption, as disclosed in territorial sales forecasts.

Relative manufacturing cost: Other things being equal, low-cost plants are given preference over high-cost plants.

Indicated volume: This involves deciding whether the desired quantity can be economically run in the factory under consideration.

Status of existing schedules: Consideration of whether or not the factory as a whole is under or over scheduled.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933, OF CREDIT AND FINANCIAL MANAGEMENT, published monthly at Philadelphia, Penna., for October, 1940.
STATE OF NEW YORK, } ss.
COUNTY OF NEW YORK, }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared Richard G. Tobin, who having been duly sworn according to law, deposes and says that he is the Editor and Manager of the CREDIT and FINANCIAL MANAGEMENT, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor and business managers are: Publisher, National Association of Credit Men, 1 Park Avenue, New York City. Editor, Richard G. Tobin, 1 Park Avenue, New York City. Business Manager, Richard G. Tobin, 1 Park Avenue, New York City.

2. That the owner is: National Association of Credit Men, a non-stock corporation with the following officers: John L. Redmond, Crompton-Richmond Co., Inc., New York, N. Y., president; Paul W. Miller, Atlantic Steel Co., Atlanta, Ga., vice-president; Bruce R. Tritton, American Stove Co., Cleveland, Ohio, vice-president; R. C. Wilson, The First National Bank, Salt Lake City, Utah, vice-president; Henry H. Heilmann, New York, N. Y., executive manager and secretary and treasurer.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

RICHARD G. TOBIN, Editor.
Sworn to and subscribed before me this 23rd day of September, 1940.

(Seal) ROSETTA ROSENGARD,
Notary Public, Kings County
Clerk's No. 207, Reg. No. 2242.
Certificate filed in New York County,
N. Y. Co. Clerk's No. 596, Reg. No.
2-R-357.
My commission expires March 30, 1942.

The Business Thermometer:

August activity encouraging; upturn widespread

Manufacturer's shipments up

Shipments of manufacturers rose sharply in August, but as incoming business more than kept pace with the volume of shipments there was a further rise in the unfilled orders on the books of manufacturers at the beginning of September, according to the Commerce Department. This order volume has provided the basis for a further rise in industrial activity in recent weeks the Department stated in making public the preliminary tabulation of the monthly Industry Survey.

The continued heavy volume of new orders for durable goods—higher than any month since last October—lifted manufacturers' unfilled order totals 10 percent above the end of July, and more than 75 percent above the level of a year ago. Backlogs were above the volume reached last fall on the temporary buying wave which followed quickly upon the outbreak of the war in Europe.

Outstanding was the substantial rise of 8 percent in shipments from July to August. Deliveries during August were approximately equal in dollar value to the volume shipped last November and October. Both durable and non-durable goods industries shared equally in the August advance. This rise reflected the translation into actual deliveries of the enlarged volume of new business placed in the past few months. Seasonal factors contributed to the August increase in non-durable lines, but were not the major influence in the rise in aggregate shipments.

New orders for all industries advanced about 2 percent in August from the high July figure and as stated above they were still well in excess of the rate of shipments. The rise was more than accounted for by a

5 percent increase in orders for durable goods to the highest volume of the year. New business in the iron and steel group was off from the July total but the machinery industries recorded another substantial rise. Incoming business in the non-durable goods group declined slightly in the aggregate, as a result of divergent seasonal movements among the various industry groups. Certain branches of the food industry registered greater-than-average declines, traceable to seasonal influences.

Of major significance was the small change in the inventory holdings of manufacturers. The index of manufacturers' inventories rose only fractionally during August—from 108.9 to 109.1. Thus, the present upward movement in industrial activity is firmly based upon rising capital expenditures and expanded consumption as indicated by the recent marked rise in the retail sales. The 8 percent increase in shipments during August approximately measured the movement of goods out of manufacturers' hands into consumption and distribution channels.

In making all the foregoing comparisons allowance was made for the seasonal swing in stocks and sales in the automotive industry.

Wholesaler's sales rose

Sales of wholesalers, based upon reports from 2,875 firms representing all parts of the country, were 5.7 percent greater in August than during the same month a year ago. For the first six months of 1940, the gain over the same period of 1939 had been 7.7 percent. The gain over last August thus falls below the gain experienced in the first six months of this year and the gain in July which was 10.5 per-

cent over July 1939. The pattern found for retail trade in another monthly survey of the Bureau of the Census also varies from that for wholesale trade for August. Retail sales of 23,974 independent stores in August were 11.7 percent above August 1939. This gain exceeded the 7.5 percent gain shown for these retailers in the first 8 months of 1940 over the same period of 1939.

In connection with this monthly joint study of the National Association of Credit Men and the Bureau of the Census, these wholesalers reported dollar sales amounting to \$217,647,00 in August. These sales were 8.1 percent above July 1940. This is approximately the usual July to August increase exhibited by this series in the last five years covered by the survey. Sales are shown as reported without adjustment for seasonal or price fluctuations.

Collections on accounts receivable during August 1940 for 2,453 wholesalers maintained about the same level as in the previous month of 1940 and in the same month in 1939. The collection ratio in August 1940 was 73 while in August 1939 and July 1940, these same establishments reported 74 percent of accounts receivable were collected. These collection ratios usually remain relatively constant. It may be noted, however, that August is the third month this year recording slower collections than during the comparable month of 1939. In 1939 only one month, December, fell below 1938. Accounts receivable were 11.1 percent greater on August 1, 1940 than at the same time in 1939 and 0.5 percent less than on July 1, 1940.

Detailed figures are presented in the following tables in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

Index of the Value of Manufacturers' Shipments (January 1939=100)

Industry	1940							1939						
	July (r)	June	May	Apr.	Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	July (r)	June	May	Apr.
TOTAL, ALL INDUSTRIES.....	117.2	125.9	122.9	119.7	121.2	118.9	118.2	128.1	132.6	132.3	101.7	106.4	108.7	104.5
Total, durable goods.....	126.8	139.6	136.3	132.9	131.1	128.7	129.2	146.5	148.1	141.6	100.2	108.9	105.6	107.5
Total, non-durable goods.....	108.6	113.8	110.8	107.9	112.4	110.4	108.9	112.1	119.4	124.6	102.7	103.8	101.6	101.7
Durable goods														
Iron and steel and their products.....	146.3	152.0	132.7	120.8	125.6	133.3	137.1	165.3	166.5	161.3	106.1	109.6	105.7	100.2
Transportation equipment (except automobiles).....	187.6	180.0	197.1	235.2	227.6	187.6	184.8	186.7	179.0	178.1	108.6	110.5	83.8	110.5
Electrical machinery.....	136.9	153.0	147.3	142.1	132.6	129.6	119.2	128.7	133.2	123.5	109.8	118.3	109.8	109.8
Other machinery.....	147.1	156.9	154.8	150.7	142.1	131.9	122.6	143.3	141.4	134.8	114.7	122.0	124.6	124.5
Automobiles and equipment.....	75.0	107.4	117.7	127.4	124.0	122.1	124.7	135.5	132.7	108.6	64.6	91.1	90.6	101.4
Other durable goods.....	131.9	137.2	137.6	129.1	128.4	122.3	126.1	138.8	146.9	160.2	114.0	113.9	108.8	110.3
Non-durable goods														
Food and kindred products.....	107.9	114.3	111.1	106.6	110.6	105.8	103.3	106.0	111.0	113.9	101.3	104.3	104.5	103.7
Paper and allied products.....	134.6	142.1	137.1	124.4	118.8	119.1	118.8	119.1	127.5	132.0	101.7	106.5	103.7	108.1
Chemicals and allied products.....	110.0	120.6	120.5	114.5	110.6	108.0	112.0	108.9	127.7	142.6	96.0	105.5	101.4	99.7
Petroleum refining.....	102.5	111.8	107.8	105.5	108.2	101.0	112.2	114.9	113.9	114.9	109.3	102.1	103.2	98.9
Rubber products.....	121.7	159.2	134.9	129.6	123.0	115.8	122.4	113.2	125.7	150.0	123.7	136.2	119.7	118.4
Other non-durable goods.....	108.1	98.3	97.3	100.8	114.6	118.7	109.9	119.1	126.5	130.2	103.2	98.8	94.4	98.6

(r) Revised.

Note: This index is constructed on a daily average basis excluding Sundays and principal holidays. Data for August and September, 1939, are not yet available.

WHOLESALESAERS' sales and inventories, August 1940

Kind of Business	Dollar Sale				End of Month Inventories (Cost)				Stock-Sales Ratio*		
	Number of firms reporting sales	Percent change August 1940 from		August 1940 (000's)	Number of firms reporting stocks	Percent change August 1940 from		Aug. 31, 1940 (000's)	August 1940	August 1939	July 1940
		August 1939	July 1940			August 1939	July 1940				
Automotive supplies.....	173	+ 9.9	+ 4.7	\$3,128	89	+ 5.2	- 0.6	\$3,937	225	241	228
Chemicals (industrial).....	22	+ 9.0	+ 4.4	904	15	+14.1	+ 1.5	469	79	72	79
Paints and varnishes.....	35	+ 8.1	+ 1.2	745	18	+ 9.6	+ 1.5	1,023	189	182	192
Clothing and furnishings, except shoes.....	50	+ 7.6	+146.8	3,544	27	+ 5.8	+ 2.5	1,297	145	159	359
Shoes and other footwear.....	35	+ 0.6	+ 46.0	10,660	22	+ 4.1	+ 7.9	4,051	107	111	169
Coal.....	11	+ 1.9	+ 0.4	2,300	4	+17.3	+ 9.9	2,331	128	109	116
Drugs and sundries (liquor excluded).....	131	+ 3.4	+ 5.8	16,143	100	+ 4.1	+ 1.6	24,593	197	194	206
Dry goods.....	115	+ 3.0	+50.3	11,149	65	+ 1.7	+ 0.8	15,719	208	210	330
Electrical goods.....	338	+18.2	- 3.3	21,939	288	+12.6	- 1.5	22,602	113	118	110
Dairy and poultry products.....	13	+13.9	+26.3	1,170	6	+ 7.8	- 0.3	319	75	86	107
Fresh fruits and vegetables.....	81	+ 2.4	- 7.1	4,040	52	+11.5	- 2.2	483	31	28	28
Farm Supplies.....	7	+ 5.5	+25.8	239	—	—	—	—	—	—	—
Furniture and House furnishings.....	72	+ 6.4	+22.8	5,155	44	+ 6.5	+ 1.2	9,125	235	238	303
Groceries and foods, except farm products.....	643	+ 2.3	+ 0.8	47,194	379	+ 3.4	+ 1.8	42,242	147	138	145
Full-line wholesalers.....	356	+ 0.3	+ 3.1	22,550	191	+ 5.8	- 0.6	18,948	152	142	153
Voluntary-group wholesalers.....	159	+ 4.9	- 0.5	17,494	113	+ 1.1	+ 3.0	18,893	158	149	152
Retailer-cooperative warehouses.....	21	+ 3.8	- 2.4	3,306	10	+ 1.9	+14.5	2,639	124	118	105
Specialty lines.....	107	+ 0.1	- 3.8	3,844	65	+ 6.6	0.0	1,762	81	77	75
Confectionery.....	24	+ 4.4	- 0.3	352	13	+ 3.9	+ 3.9	160	71	45	68
Meats and meat products.....	94	+ 6.9	- 1.0	16,713	66	+22.5	- 4.5	5,298	53	72	59
Beer.....	35	+ 2.1	+ 6.3	544	25	+ 9.4	+ 2.7	116	30	29	32
Wines and liquors.....	27	+14.8	+31.7	2,080	19	+25.1	- 2.1	3,287	198	149	255
Liquor department of other trades†.....	41	- 6.2	+37.1	2,630	39	+37.0	+ 0.1	8,594	331	226	453
Total hardware group.....	433	+18.8	+ 5.9	24,123	273	+14.6	+ 2.9	55,708	234	248	242
General hardware.....	144	+14.0	+ 4.6	18,269	91	+15.0	+ 4.1	38,376	278	283	276
Heavy hardware.....	27	+35.9	+12.2	2,122	17	+25.6	+ 0.7	3,630	195	214	220
Industrial supplies.....	143	+26.1	+ 7.4	8,231	92	+11.7	0.0	9,606	132	216	201
Plumbing and heating supplies.....	119	+19.0	+ 5.8	5,501	73	+ 9.6	+ 0.1	4,096	143	153	156
Jewelry.....	44	+16.1	+54.2	1,815	24	- 0.1	+ 1.3	2,951	315	346	506
Optical goods.....	25	+ 6.1	+10.2	280	13	+ 4.2	+ 0.7	150	161	166	169
Lumber and building materials.....	34	+ 7.4	+ 3.9	2,290	22	+ 7.2	+ 0.8	2,062	130	126	131
Machinery, equipment and supplies, except electrical.....	54	+20.2	+ 1.4	2,096	29	+ 3.4	+ 0.4	2,410	199	222	192
Surgical equipment and supplies.....	29	+ 7.2	+12.8	608	16	+ 7.0	+ 1.3	644	187	167	183
Metals.....	23	+23.7	+ 4.8	2,950	14	+13.0	+ 2.5	4,480	195	203	199
Paper and its products.....	94	+ 3.7	+ 5.0	5,512	49	+10.2	+ 1.2	5,115	159	146	164
Petroleum.....	8	+ 5.4	+ 6.6	1,194	6	+10.7	- 1.7	631	53	51	58
Tobacco and its products.....	149	- 1.2	+ 4.4	11,278	56	+ 4.5	+ 3.2	2,769	59	57	60
Leather and shoe findings.....	8	- 7.1	- 9.6	104	—	—	—	—	—	—	—
Miscellaneous.....	28	+ 7.8	+19.4	4,858	23	+14.2	+17.0	7,065	166	156	173
Total.....	2,875	+ 5.7	+ 8.1	\$217,647	1,796	+ 9.4	+ 1.4	\$229,626	161	157	171

*These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.
†Chiefly of the Wholesale drug trade.

‡Not affiliated with voluntary or cooperative groups.

—Insufficient data to show separately.

WHOLESALESAERS' accounts receivable and collections, August 1940

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		August 1940	August 1939	July 1940	Percent change August 1940 vs.		As of August 1, 1940 (000's)
					August 1939	July 1940	
Automotive supplies.....	142	60	59	58	+10.9	+ 0.1	\$3,518
Chemicals (industrial).....	22	65	57	62	+ 4.4	+ 1.2	1,319
Paints and varnishes.....	34	46	45	50	+ 7.9	- 4.2	1,447
Clothing and furnishings, except shoes.....	47	37	33	36	- 4.9	+ 6.5	4,214
Shoes and other footwear.....	31	31	33	39	+ 2.0	+ 2.5	4,257
Coal.....	11	71	74	70	+15.7	- 1.3	3,171
Drugs and sundries (liquor excluded).....	118	69	70	67	+ 5.9	- 1.4	19,808
Dry goods.....	102	46	45	46	+ 4.5	- 0.6	15,873
Electrical goods.....	312	73	71	73	+15.8	- 1.3	28,687
Dairy and poultry products.....	12	134	145	129	+ 6.9	+ 8.3	654
Fresh fruits and vegetables.....	57	136	142	143	+ 4.9	- 1.2	1,167
Farm supplies.....	6	71	70	64	+10.6	-13.3	333
Furniture and house furnishings.....	63	48	51	48	+11.0	- 1.5	8,366
Groceries and foods, except farm products.....	519	94	98	95	+ 5.1	- 1.5	38,959
Full-line Wholesalers.....	277	86	90	88	+ 7.3	0.0	18,512
Voluntary-group Wholesalers.....	135	99	103	98	+ 2.4	- 4.3	15,168
Retailer-cooperative Warehouses.....	17	155	159	167	+ 3.3	+ 8.3	1,799
Specialty lines.....	90	84	88	84	+ 6.3	- 1.4	3,480
Confectionery.....	17	74	78	77	+ 7.2	- 0.6	311
Meats and meat products.....	80	160	171	173	+ 9.8	+ 3.5	9,485
Beer.....	15	113	122	100	+12.8	-13.7	132
Wines and Liquors.....	23	73	96	69	+36.4	-25.6	2,592
Liquor department of other trades.....	37	91	83	65	+18.1	-31.4	3,953
Total hardware group.....	406	57	55	59	+20.3	+ 5.7	50,791
General hardware.....	133	48	50	54	+21.1	+ 5.1	31,614
Heavy hardware.....	25	89	81	82	+32.6	+ 7.0	2,211
Industrial supplies.....	130	74	65	70	+17.4	+ 5.0	9,136
Plumbing and heating supplies.....	118	64	57	61	+17.3	+ 8.6	7,830
Jewelry.....	36	20	21	28	+17.4	-14.1	3,953
Optical goods.....	19	52	47	50	+ 0.3	+ 3.8	328
Lumber and building materials.....	32	68	66	66	+13.5	+ 4.5	3,170
Machinery, equipment and supplies, except electrical.....	47	68	65	66	+20.2	+ 3.8	2,702
Surgical equipment and supplies.....	28	53	52	51	+ 3.7	+ 4.6	988
Metals.....	23	85	85	89	+20.9	+ 6.8	3,309
Paper and its products.....	79	59	57	61	+ 9.2	- 0.6	7,536
Petroleum.....	6	128	118	125	- 2.2	- 1.7	878
Tobacco and its products.....	99	123	121	117	+ 3.8	- 4.3	6,609
Leather and shoe findings.....	7	39	34	42	- 4.5	- 3.9	147
Miscellaneous.....	24	101	98	94	+ 5.7	+ 7.2	3,514
Total.....	2,453	73	74	74	+11.1	- 0.5	\$232,171

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

WHOLESALESALES' sales and inventories, by geographic divisions, August 1940

Geographic Division and Kind of Business	Dollar Sales				End of Month Inventories (Cost)				Stock-Sales Ratio*		
	Number of firms reporting sales	Percent change August 1940 from		August 1940 (000's)	Number of firms reporting stocks	Percent change August 1940 from		Aug. 31, 1940 (000's)	August 1940	August 1939	July 1940
		August 1939	July 1940			August 1939	July 1940				
New England.	182	- 0.7	+ 3.3	\$14,061	120	+11.7	+ 0.5	\$11,529	118	111	120
Drugs and sundries (liquor excluded).....	7	+12.0	- 0.6	815	6	+ 0.6	+ 0.5	1,172	167	185	161
Electrical goods.....	37	+18.9	- 1.9	1,639	31	+ 7.4	+ 0.5	1,760	112	124	109
Groceries and foods, except farm products.....	26	-11.4	- 3.2	2,181	14	+18.4	+ 3.5	1,006	138	116	129
Meats and meat products.....	8	+ 4.9	+ 9.2	2,609	8	+21.1	- 5.8	683	26	23	30
Industrial supplies.....	18	+34.3	- 3.1	630	13	+14.6	- 2.1	1,320	254	302	252
Plumbing and heating supplies.....	8	+ 4.9	+ 6.0	193	4	+16.0	- 1.6	377	264	244	284
Tobacco and its products.....	13	+ 9.6	+ 6.3	1,929	4	+14.5	+16.1	166	59	46	53
Middle Atlantic.	664	+ 8.2	+ 9.7	49,943	397	+ 8.5	+ 3.3	48,211	148	152	155
Automotive supplies.....	26	+11.6	- 9.1	673	18	+ 0.1	- 1.6	1,097	214	253	193
Chemicals (industrial).....	4	+ 5.3	+ 3.8	220	4	+16.9	+18.4	90	66	48	54
Clothing and furnishings, except shoes.....	22	- 8.6	+146.1	2,813	9	- 6.1	+ 1.9	645	148	181	396
Shoes and other footwear.....	10	- 4.3	+80.0	1,024	5	- 8.4	-10.5	1,199	141	148	283
Drugs and sundries (liquor excluded).....	20	+ 3.1	+ 1.4	3,367	16	+ 4.7	+ 0.7	3,097	147	144	150
Dry goods.....	47	+12.4	-27.7	3,680	25	+ 0.9	+ 2.0	4,142	233	261	293
Electrical goods.....	71	+29.8	- 0.2	4,581	61	- 1.5	-11.9	3,716	89	119	102
Fresh fruits and vegetables.....	21	- 2.7	-11.0	2,055	12	-11.1	-12.5	56	16	17	14
Furniture and house furnishings.....	28	+16.4	+45.8	1,242	16	+ 7.5	+ 2.9	1,800	194	216	310
Groceries and foods, except farm products.....	97	+ 2.4	- 2.7	8,924	46	- 2.9	+ 8.8	7,802	140	139	125
Meats and meat products.....	19	+ 5.9	+11.5	1,667	16	+14.5	-13.8	703	48	45	62
Beer.....	10	+ 3.3	+10.5	190	5	- 8.0	+ 4.5	23	21	24	24
General hardware.....	32	+17.0	+ 2.5	2,042	16	+13.7	+ 0.8	3,442	308	324	302
Heavy hardware.....	10	+31.2	+13.1	1,012	8	+30.4	+ 0.7	2,525	262	263	293
Industrial supplies.....	41	+34.0	+ 2.5	1,952	32	+10.4	0.0	2,887	177	219	178
Plumbing and heating supplies.....	46	+23.8	+12.2	1,601	31	+11.3	+ 0.8	1,323	114	128	126
Jewelry.....	15	+11.3	+27.4	484	10	- 6.4	+ 0.5	1,325	379	413	469
Lumber and building materials.....	8	+ 5.1	- 0.8	973	4	+ 1.1	+ 6.3	555	92	89	83
Paper and its products.....	36	+ 7.5	- 0.9	2,546	20	+11.9	+ 0.8	2,677	157	148	149
Tobacco and its products.....	33	+ 3.5	+ 0.9	2,079	12	+20.0	-21.1	613	58	51	48
East North Central.	553	+ 8.7	+ 6.3	42,718	343	+ 8.5	+ 0.2	45,269	147	147	156
Automotive supplies.....	42	+14.6	+11.4	643	19	+ 8.4	+ 0.1	928	234	256	262
Chemicals (industrial).....	6	+15.2	+ 8.7	325	4	+22.4	+ 2.0	104	44	41	48
Paints and varnishes.....	13	- 0.3	- 6.2	316	6	+ 8.7	- 2.1	325	127	115	121
Clothing and furnishings, except shoes.....	11	- 9.1	+114.0	321	8	- 8.9	+ 6.3	339	146	144	287
Drugs and sundries (liquor excluded).....	23	+ 2.5	+ 3.5	2,718	16	+ 3.9	+ 1.7	3,264	172	167	175
Dry goods.....	12	- 0.1	+68.8	2,733	8	+ 0.5	- 3.8	4,584	172	171	293
Electrical goods.....	66	+17.9	- 1.3	4,947	52	+ 4.8	- 3.1	4,622	109	122	110
Fresh fruits and vegetables.....	11	+18.5	- 8.1	365	8	-16.1	- 9.6	94	45	58	44
Furniture and house furnishings.....	6	+13.8	+29.6	388	4	+11.0	+ 4.2	647	191	196	248
Groceries and foods, except farm products.....	99	+ 0.0	- 1.1	8,705	57	+ 4.6	+ 1.8	6,471	134	124	128
Meats and meat products.....	24	+ 3.5	- 0.5	3,506	20	+18.1	- 2.3	1,907	61	53	61
Beer.....	12	+ 2.5	+ 7.4	202	10	+ 2.4	- 6.7	42	24	25	27
General hardware.....	33	+15.5	- 4.7	4,335	19	+12.5	+ 0.7	10,756	261	268	246
Industrial supplies.....	20	+43.6	+18.4	2,401	19	+ 8.0	- 0.6	2,275	123	171	153
Plumbing and heating supplies.....	18	+ 9.1	+12.2	938	9	+ 6.2	- 1.5	876	223	236	254
Jewelry.....	14	+16.1	+76.5	760	7	+ 5.0	+ 3.3	1,013	287	273	501
Lumber and building materials.....	8	+15.7	+ 9.8	515	5	- 1.8	- 5.5	325	96	108	106
Machinery, eqpt., & supplies, except electrical	11	+24.8	-18.5	428	9	+ 6.7	+ 1.1	285	84	101	64
Metals.....	9	+27.9	+ 5.8	1,004	5	+49.5	+ 0.8	1,662	263	224	291
Paper and its products.....	22	+ 4.8	+ 5.9	1,465	12	+13.9	+ 0.5	1,005	124	122	141
Tobacco and its products.....	45	+ 4.8	- 8.5	3,524	20	- 3.6	- 2.1	533	45	48	50
West North Central.	322	+ 5.2	+ 1.2	28,187	225	+11.1	+ 3.0	34,738	184	172	188
Automotive supplies.....	21	+ 2.1	+11.1	529	10	+15.8	+ 1.1	668	278	248	295
Drugs and sundries (liquor excluded).....	16	+ 0.9	+ 9.2	1,895	14	+ 1.6	+ 2.8	3,135	199	197	212
Dry goods.....	8	+ 3.9	+48.0	962	7	- 5.0	- 7.5	2,036	235	257	376
Electrical goods.....	38	+ 3.7	- 0.1	2,036	36	+21.8	+ 0.8	2,578	132	112	119
Fresh fruits and vegetables.....	11	- 5.7	-14.5	1,865	9	+ 3.1	+ 3.1	131	46	41	37
Furniture and house furnishings.....	9	+ 1.8	+14.6	918	7	+ 5.3	+ 0.6	3,336	288	279	331
Groceries and foods, except farm products.....	86	- 0.7	+ 0.5	6,045	63	+ 5.4	- 0.4	8,851	177	158	180
Beer.....	17	- 8.2	-15.2	56	5	+33.3	+11.1	20	56	33	38
General hardware.....	14	+31.3	+ 8.1	2,890	10	+31.6	+23.2	6,923	252	252	223
Industrial supplies.....	9	+ 0.0	+ 9.2	534	7	+11.0	+ 5.9	667	226	238	221
Plumbing and heating supplies.....	8	+15.6	+ 7.4	641	4	- 6.4	+ 2.1	294	121	131	137
Machinery, eqpt., & supplies, except electrical	13	+ 3.6	- 1.6	378	4	+ 2.0	- 3.1	154	135	186	131
Tobacco and its products.....	13	+ 3.6	+ 3.3	1,011	9	+ 3.2	- 0.1	733	90	82	86
South Atlantic.	345	+ 4.6	+ 9.5	10,318	193	+ 8.8	+ 1.6	18,775	154	152	169
Automotive supplies.....	13	+16.8	+13.5	327	4	+ 5.7	- 1.3	74	206	212	221
Drugs and sundries (liquor excluded).....	23	+ 1.1	+ 6.2	1,093	15	+ 4.4	+ 0.8	2,431	230	221	240
Dry goods.....	12	+ 0.5	+70.3	1,095	6	+10.9	+ 0.9	1,174	219	208	391
Electrical goods.....	49	+17.3	- 7.2	3,154	46	+12.9	+ 6.0	3,193	105	109	92
Fresh fruits and vegetables.....	12	+14.0	- 7.6	341	5	- 11.9	-14.0	37	37	34	28
Groceries and foods, except farm products.....	96	+ 2.0	+ 1.5	4,731	36	+ 4.2	+ 4.2	2,941	138	154	135
Confectionery.....	8	+ 9.5	- 1.3	150	6	+16.9	+ 7.8	69	85	82	78
Meats and meat products.....	11	+11.7	+10.7	696	6	+26.5	+ 1.0	815	54	48	59
General hardware.....	23	+ 1.3	+13.3	1,554	13	+11.1	+ 1.0	3,080	339	314	368
Industrial supplies.....	12	+26.3	+ 9.6	446	6	+27.8	- 0.8	492	191	167	204
Plumbing and heating supplies.....	20	+20.1	- 1.5	993	17	+15.2	- 0.6	825	122	130	133
Paper and its products.....	10	+ 9.5	- 1.3	451	4	+ 2.8	- 1.9	365	178	185	181
East South Central.	153	+ 6.1	+19.8	10,085	85	+11.2	+ 0.2	10,742	178	176	215
Drugs and sundries.....	12	+ 1.7	+13.5	1,222	9	+ 0.7	+ 0.7	1,982	192	194	216
Dry goods.....	13	- 0.7	+101.2	1,151	8	-10.3	+ 2.4	1,835	205	185	435
Electrical goods.....	15	+39.4	+ 2.1	860	12	+23.9	+ 0.2	1,806	120	131	122
Groceries and foods, except farm products.....	48	- 0.2	+10.1	2,969	17	+13.1	+ 0.2	1,639	162	150	171
General hardware.....	12	+15.4	+21.9	1,604	6	+10.9	+ 0.9	2,060	224	238	263
Industrial supplies.....	8	+13.9	+ 4.8	304	4	+18.4	+ 0.6	167	138	152	165
West South Central.	248	+ 2.2	+ 8.0	16,151	174	+ 0.0	+ 0.9	20,924	184	172	202
Automotive supplies.....	9	+ 5.6	+ 8.1	133	8	- 5.1	- 3.8	226	175	173	197
Drugs and sundries (liquor excluded).....	17	+ 5.6	+ 9.6	1,784	12	+ 4.8	+ 3.3	3,621	244	243	263
Electrical goods.....	26	+ 4.9	+ 5.0	1,310	18	+38.5	+ 3.3	1,807	143	106	143
Groceries and foods, except farm products.....	115	+ 1.4	+ 2.7	6,993	87	+ 3.5	+ 0.5	7,190	141	138	146
Liquor department of other trades//.....	10	+11.8	+17.3	380	8	+43.2	+ 1.0	1,319	379	286	424
General hardware.....	14	+ 4.2	+14.9	1,307	9	+10.6	+ 0.3	2,610	284	273	332
Industrial supplies.....	8	+ 5.6	+ 3.4	1,558	5	+16.6	+ 0.6	1,453	330	277	398
Mountain.	120	- 0.5	+ 3.5	7,214	91	+ 9.4	+ 0.1	8,911	164	151	170
Automotive supplies.....	16	+19.1	+ 9.8	324	9	- 2.8	+ 0.3	375	211	268	219
Electrical goods.....	12	+ 6.8	- 5.5	674	9	+24.2	+ 2.5	739	124	106	114
Groceries and foods, except farm products.....	34	- 7.0	+ 0.6	2,293	32	+ 5.4	- 0.1	3,125	167	146	165
General hardware.....	7	+ 2.9	- 2.2	819	5	+12.2	- 0.7	1,152	252	245	244
Pacific.	287	+ 4.5	+ 8.9	23,623	168	+ 9.7	+ 0.0	30,527	195	186	211
Automotive supplies.....	37	+ 2.0	+ 1.3	402	17	+ 4.2	- 1.2	423	220	210	215
Dry goods.....	12	- 3.3	+37.9	695	5	+18.4	+ 8.8	740	279	225	370
Electrical goods.....	24	+18.7	- 7.7	2,738	23	+22.3	+ 0.9	3,481	135	131	122
Fresh fruits and vegetables.....	10	+ 7.3	+19.2	541	5	+26.7	+31.0	38	15	14	13
Furniture and house furnishings.....	12	- 0.8	+13.5	1,279	6	+ 1.6	- 0.2	1,837	262	253	321
Groceries and foods, except farm products.....	42	- 3.6	+ 4.9	4,303	27	+ 0.3	- 3.9	3,217	127	121	139
Meats and meat products.....	12	- 3.0	+17.3	1,442	8	+25.6	- 2.8	593	70	53	82
General hardware.....	18	+11.1	+ 4.4	3,570	11	+12.8	+ 1.5	7,856	317	321	327
Lumber and building materials.....	10	+21.1	+ 0.6	345	7	+19.7	- 0.9	340	160	176	155

*These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.
 #Chiefly of the wholesale drug trade.

#Chiefly of the wholesale drug trade.

WHOLESALE'S accounts receivable and collections, by geographic divisions, August 1940

Geographic Division Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		August 1940	August 1939	July 1940	Percent change August 1940 from		As of August 1, 1940 (000's)
					August 1939	July 1940	
New England.....	162	80	83	78	+10.4	- 3.7	\$16,383
Drugs and sundries (liquor excluded).....	7	62	71	60	+31.0	+ 0.3	1,297
Electrical goods.....	34	77	74	78	+10.7	+ 4.1	2,022
Groceries and foods, except farm products.....	20	87	90	82	+ 4.8	- 9.5	2,332
Meats and meat products.....	7	178	188	176	+ 1.8	+17.0	1,436
Industrial supplies.....	16	72	61	66	+25.9	+ 4.9	821
Plumbing and heating supplies.....	8	52	46	47	+ 3.0	+ 2.4	340
Tobacco and its products.....	10	146	123	139	-12.9	- 2.5	1,163
Middle Atlantic.....	569	72	71	74	+ 9.0	- 1.3	53,909
Automotive supplies.....	24	57	57	54	+18.1	- 2.8	961
Chemicals (industrial).....	6	61	46	68	+ 6.0	+ 9.1	299
Clothing and furnishings, except shoes.....	20	38	32	36	- 7.2	+ 8.7	3,198
Shoes and other footwear.....	10	32	33	41	+ 1.9	+ 0.7	1,603
Drugs and sundries (liquor excluded).....	19	60	61	57	+ 5.9	- 1.6	4,585
Dry goods.....	41	49	47	53	+ 5.7	+ 3.9	5,040
Electrical goods.....	67	81	77	80	+26.2	- 7.1	5,653
Fresh fruits and vegetables.....	14	175	180	204	- 2.4	- 8.0	207
Furniture and house furnishings.....	22	44	45	46	+14.8	+ 1.1	1,740
Groceries and foods, except farm products.....	78	100	102	101	+ 0.1	- 3.7	7,559
Meats and meat products.....	16	158	167	172	+ 0.8	+ 6.1	787
General hardware.....	27	44	46	48	+15.4	- 2.7	3,552
Heavy hardware.....	10	86	79	85	+19.8	- 1.3	1,023
Industrial supplies.....	38	76	70	74	+29.4	+ 4.8	2,371
Plumbing and heating supplies.....	45	58	55	56	+22.4	+ 7.3	2,381
Jewelry.....	11	21	20	27	+15.0	- 5.9	606
Optical goods.....	8	50	43	48	+ 1.2	+ 6.1	175
Lumber and building materials.....	8	66	66	71	+14.2	+ 2.8	1,446
Machinery, equipment and supplies, except electrical.....	7	76	62	72	+43.6	- 3.0	191
Paper and its products.....	28	53	53	56	+ 9.7	- 2.1	3,899
Tobacco and its products.....	22	128	123	126	+ 2.4	- 3.2	1,397
East North Central.....	468	74	75	74	+13.3	- 1.7	46,953
Automotive supplies.....	38	61	59	61	+12.2	+ 4.5	607
Paints and varnishes.....	13	42	42	46	+ 2.5	- 4.2	892
Clothing and furnishings, except shoes.....	10	43	47	48	- 1.7	-11.6	343
Drugs and sundries (liquor excluded).....	21	82	81	80	+ 4.0	- 1.9	2,727
Dry goods.....	11	47	48	44	+10.7	-10.6	4,344
Electrical goods.....	53	65	68	71	+14.3	- 2.3	6,490
Furniture and house furnishings.....	6	46	52	55	+20.9	+ 7.0	751
Groceries and foods, except farm products.....	82	98	99	97	+ 6.5	- 1.0	7,534
Meats and meat products.....	19	187	180	184	+ 5.3	- 2.8	1,463
General hardware.....	22	52	54	56	+22.8	+ 1.2	7,719
Industrial supplies.....	28	78	66	77	+16.1	+ 4.4	2,304
Plumbing and heating supplies.....	18	63	59	65	+12.0	+ 7.0	1,318
Jewelry.....	12	19	22	28	+27.8	-17.4	1,769
Lumber and building materials.....	7	86	83	80	+22.1	+ 8.5	546
Machinery, equipment and supplies, except electrical.....	10	78	73	81	+47.7	+30.4	601
Metals.....	9	88	86	88	+17.5	+11.5	1,060
Paper and its products.....	21	72	72	73	+ 7.0	- 0.9	1,784
Tobacco and its products.....	28	127	124	117	+ 6.5	- 6.1	1,756
West North Central.....	273	76	83	85	+16.0	+ 2.0	31,997
Automotive supplies.....	13	60	62	58	+10.0	+ 0.5	581
Drugs and sundries (liquor excluded).....	16	70	69	68	- 0.6	- 3.3	2,571
Dry goods.....	8	43	42	44	+ 0.3	+ 5.0	1,528
Electrical goods.....	38	71	63	74	- 1.4	- 7.5	2,825
Fresh fruits and vegetables.....	7	184	197	174	0.0	-12.2	130
Furniture and house furnishings.....	9	53	58	50	+15.9	-11.2	2,198
Groceries and foods, except farm products.....	71	107	120	106	+10.9	- 5.3	5,083
Industrial supplies.....	13	59	53	60	+ 4.3	+ 4.3	662
Plumbing and heating supplies.....	9	60	59	58	+12.0	+ 7.8	840
Machinery, equipment and supplies, except electrical.....	7	63	55	66	+ 1.0	- 7.5	617
South Atlantic.....	283	65	67	67	+12.6	+ 3.7	21,235
Automotive supplies.....	11	63	62	62	+13.0	- 5.4	313
Drugs and sundries (liquor excluded).....	21	64	68	65	+ 9.6	- 0.2	2,999
Dry goods.....	8	42	42	39	+ 2.3	+ 2.3	1,298
Electrical goods.....	48	69	68	67	+21.1	+ 8.7	4,771
Fresh fruits and vegetables.....	10	114	114	115	+ 9.3	- 7.1	247
Groceries and foods, except farm products.....	67	94	97	102	+ 5.8	+ 4.0	3,411
Meats and meat products.....	9	145	144	151	+ 2.3	+ 4.2	401
General hardware.....	23	38	41	40	+11.2	+ 5.9	3,266
Industrial supplies.....	9	61	57	60	+ 9.4	+13.1	536
Plumbing and heating supplies.....	20	60	54	61	+17.0	+11.4	1,547
Paper and its products.....	8	59	57	62	+14.3	+ 0.8	537
Tobacco and its products.....	7	93	100	94	+14.6	- 1.2	330
East South Central.....	127	61	59	60	+ 6.7	+ 0.9	11,458
Drugs and sundries (liquor excluded).....	10	66	67	64	+ 4.8	- 2.1	1,528
Dry goods.....	13	36	36	34	- 1.3	+ 2.8	1,780
Electrical goods.....	13	79	74	66	+17.0	+ 0.6	1,086
Groceries and foods, except farm products.....	35	75	76	82	+ 6.4	+ 2.4	2,190
General hardware.....	10	46	43	48	+13.0	+ 0.5	2,111
Industrial supplies.....	8	72	68	77	+ 9.5	- 2.5	892
West South Central.....	214	74	75	71	+ 5.5	+ 1.0	16,190
Automotive supplies.....	8	62	65	62	+ 6.6	+ 3.8	163
Drugs and sundries (liquor excluded).....	12	72	71	73	+ 1.8	+ 1.1	1,898
Electrical goods.....	24	82	79	72	+ 0.6	- 2.9	1,438
Groceries and foods, except farm products.....	100	81	85	80	+ 6.1	+ 4.6	5,846
Liquor department of other trades**.....	7	87	119	79	+58.5	-17.8	383
General hardware.....	14	55	56	55	+ 2.9	- 2.2	2,002
Industrial supplies.....	7	87	74	70	+13.0	+ 4.9	1,504
Tobacco and its products.....	7	85	93	85	+ 6.4	- 2.0	199
Mountain.....	105	79	79	75	+ 5.8	- 0.4	7,502
Automotive supplies.....	10	59	53	58	+ 8.1	+ 2.1	241
Electrical goods.....	12	70	69	66	+11.6	+ 1.9	1,075
Groceries and foods, except farm products.....	31	97	99	90	- 0.2	- 2.6	1,833
Pacific.....	282	74	72	69	+12.1	- 2.1	27,044
Automotive supplies.....	33	64	62	63	+ 0.2	+ 0.9	443
Dry goods.....	10	65	67	70	- 1.9	+15.8	623
Electrical goods.....	21	72	69	74	+24.9	- 0.6	3,270
Fresh fruits and vegetables.....	7	111	105	116	+ 3.8	+20.0	800
Furniture and house furnishings.....	11	49	52	48	+ 1.0	+ 7.1	2,080
Groceries and foods, except farm products.....	35	94	100	94	+ 5.4	- 2.9	3,166
Meats and meat products.....	10	167	177	179	+ 2.1	+11.0	716
Wines and liquors.....	6	76	93	64	+43.4	-24.0	1,407
General hardware.....	17	56	52	57	+12.2	+ 0.1	5,773
Industrial supplies.....	9	53	49	52	+11.5	+ 6.7	475
Plumbing and heating supplies.....	9	83	69	73	+43.6	+12.9	1,024
Lumber and building materials.....	10	64	55	45	+25.4	+13.4	534
Machinery, equipment and supplies, except electrical.....	7	40	45	42	+ 6.0	- 5.0	267
Tobacco and its products.....	12	98	108	88	+ 9.0	-10.7	1,086

*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

STATES COMPRISING DIVISIONS: New England—(Conn., Me., Mass., N. H., R. I., Vt.); Middle Atlantic—(N. J., N. Y., Pa.); East North Central—(Ill., Ind., Mich., Ohio, Wisc.); West North Central—(Iowa, Kans., Minn., Mo., Nebr., N. Dak., S. Dak.); South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.); East South Central—(Ala., Ky., Miss., Tenn.); West South Central—(Ark., La., Okla., Texas); Mountain—(Ariz., Colo., Idaho, Mont., Nev., N. Mex., Utah, Wyo.); Pacific—(Cal., Ore., Wash.).

**Chiefly of the wholesale drug trade.

